BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

CLOSING DATE: July 20, 1994

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

TRANSCRIPT OF PROCEEDINGS

CLOSING DATE: July 20, 1994

I. Organizational Documents

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1.1	Certified Copy of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended.	1
1.2	Copy of the Order(s) of The County Commission of Boone County and the Public Service Commission of West Virginia regarding the creation of Boone-Raleigh Public Service District (the "District").	2
1.3	Rules of Order and Procedure.	3
1.4	Copies of the Orders appointing the members of the Public Service Board (the "Board") of the District.	4
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2.4	(a) Copy of the Public Service Commission of West Virginia's (the "Commission") Recommended Decision dated April 29, 1993, which became the Final Order of the Commission on May 19, 1993, granting the District a Certificate of Convenience and Necessity and Approving the Financing and (b) Copy of Commission's Final Order dated July 18, 1994 approving the borrowing amounts and approving rates and changes.	12
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The closing of the sale of Boone-Raleigh Public Service District $1,543,981 Sewer Revenue Bond, Series 1994 A, and the Boone-Raleigh Public Service District $518,919 Sewer Revenue Bond, Series 1994 B, both dated July 20, 1994, to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 10:30 a.m. on Wednesday, July 20, 1994. No document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.

ABB05182

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE AND CHAPTER 16, ARTICLE 13A OF THE 1994 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this

NINETEENTH day of

JULY 19 94

Ken Hechler

Secretary of State.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
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Sec.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Constitutionality of article. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

And purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service districts are "public utilities." 50 Op. Att'y Gen. 447 (1963).

Hence, they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service com-

mission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Purpose found in order creating district and in hearings. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54 (1979).

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section [June 6, 1986] each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study shall have one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority

basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the department of health and the department of natural resources shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission shall have six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules and regulations promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

The county commission of any county may, on its own motion by order duly adopted or upon the recommendation of the public service commission, propose the creation of such public service district within such county, setting forth in such order a description, including metes and bounds, sufficient to

identify the territory to be embraced therein and the name of such proposed district, or twenty-five percent of the registered voters who reside within the limits of such proposed public service district within one or more counties may petition for the creation thereof, which petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section [June 6, 1986], no new public service district shall be created under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules and regulations promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not such territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where such territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting.

Such petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if such territory is situated in more than one county, then such petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of such territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of such county at the first regular meeting after such filing or at a special meeting called for the consideration thereof.

When the county commission of any county enters an order on its own motion proposing the creation of a public service district, as aforesaid, or when a petition for such creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in such county on the creation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of such action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service

district is located 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 as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to such hearing. In all cases where proceedings for the creation of such public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of such notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

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. At such hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of such area or that the creation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create the district as amended. If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it shall refuse to enter an order creating the proposed district and shall enter an order expanding, merging or consolidating the area with an existing public service district, in accordance with rules and regulations adopted by the public service commission for such purpose: Provided, That no expansion of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such expanded service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, expanding, merging or consolidating the district:

Provided, however, That within ten days after the entry of an order creating, expanding or merging or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules and regulations relating to such filings and the approval, disapproval or modification of county commission orders for creating, expanding, merging or consolidating districts.

The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or establish or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply with like effect as if a district were being created. The commission shall at all times attempt to bring about the expansion or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article. A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81.)

There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

And there is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

District need not be created by general law. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Voters may not force referendum as to continuing or abolishing district. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service dis-

trict should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

Certain provisions mandatory, but provisions for setting time of hearing and giving notice directory. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Relative powers of commission and voters in area. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may undertake to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Cited in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it shall thereafter be a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal

corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the department of natural resources and the department of health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district, nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after such board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but not less than eighteen thousand shall be entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed shall thereby become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district shall equal or exceed three, then no further members shall be appointed to the board and the members shall be and constitute the board of the district.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district, which three members shall become members of and constitute the board of the district without any further act or proceedings.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to

make the number of members of the board equal three, and the additional member or members shall thereupon become members of the board; and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, shall be and constitute the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, shall be conclusively considered to be the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules and regulations promulgated by the public service commission.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four, and the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chairman and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay the same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chairman, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81.)

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to municipal corporation in another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Furnishing water to border residents in neighboring state. — See Op. Att'y Gen., June 26, 1975.

Cited in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Quoted in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member shall receive fifty dollars per attendance at regular monthly meetings and thirty dollars per attendance at additional special meetings, total salary not to exceed nine hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed eighteen hundred dollars per annum; and for districts with two thousand customers or more, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed three thousand dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules and regulations of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by section three [§ 6-9A-3], article nine-a, chapter six of this code. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

Such general manager shall be chosen without regard to his political affiliations and upon the sole basis of his administrative and technical qualifications to manage public service properties and affairs of the district and he may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water or sewer service from a municipal water of sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the

county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American-made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81.)

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the

ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

District may exercise control over sewers where ownership is unknown unincorporated areas. 45 Op. Att'y Gen. 506 (1953).

Valid grant of power of eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issu-

ance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules and regulations promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district

providing water and sewer service to its customers shall have the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules, regulations and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the department of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the department of health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the department of health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9] article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the department of health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petitition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer

facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the department of health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section two [§ 20-5A-2], article five-a, chapter twenty, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the department of natural resources, as prescribed by section seven [§ 20-5A-7], article five-a, chapter twenty of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174.)

Effect of amendment of 1989. — The amendment in the first paragraph, added the present fourth through seventh sentences, and added the proviso at the end of the last sentence; substituted "shall covenant" for "may covenant" in the first sentence of the second paragraph, and substituted "users" for "user's" near the end of the third paragraph.

Lien not a deprivation of property without due process. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Requiring connections with sewer facilities. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 386 S.E.2d 483 (W. Va. 1989).

When duty arises. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist., 301 S.E.2d 601 (W. Va. 1983) (construing this section prior to 1980 and 1981 amendments).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen [§§ 16-13A-9 or 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be

forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated

as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

Effect of amendment of 1989. — The amendment substituted "eighteen percent" for "twelve percent" in the second sentence and "nineteen percent" for "thirteen percent" in the fifth sentence; and made a minor punctuation change.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147.)

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting

forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to

enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

Receivers, Rule 66.

Application of rules to writ of mandamus, Rule 81(a)(5).

Effect of rules on jurisdiction and venue, Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer or gas system, and all the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81.)

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

The provision granting to bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded. (1953, c. 147.)

The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds required. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article shall constitute full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, shall be required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the state department of health and the state water resources board shall remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is declared to be a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it shall be exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81.)

Tax exemption constitutional. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist., 301 S.E.2d 601 (W. Va. 1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

§ 16-13A-25. Borrowing and bond issuance; procedure.

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of sections thirteen, twenty or twenty-four [§§ 16-13A-13, 16-13A-20 or 16-13A-24] of this article, without the prior consent and approval of the public service commission. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Sixty days prior to making formal application for said certificate, the public service district shall prefile with the public service commission its plans and supporting information for said project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

(c) The public service properties to be acquired or constructed, and the cost of same;

(d) The anticipated rates which will be charged by the district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons therefor shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

ARTICLE 14.

BARBERS AND BEAUTICIANS.

Sec.
16-14-1. Jurisdiction over barbers and beauticians; powers and duties of director of health.
16-14-2. Barbering, beauty culture and manicuring defined.
16-14-3. Regulations to be promulgated by board of health; enforcement.
16-14-4 to 16-14-17. [Repealed.]

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Michie's Jurisprudence. — For a general treatment of barbering and beauty culture, see 3A M.J., Barbers and Beauticians.

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Under the Supervision of

DEBORAH S. TUSSEY
PETER R. ROANE
BRYAN L. KAY
M. JEFFREY MONROE
KATHLEEN E. SKINNER

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collect rates or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "director of the division of environmental protection or the environmental quality board" for "chief of the division of water resources or the state water resources board" twice preceding the two provisos and for "state water resources board" once in each proviso; substituted "municipal bond commission" for "state sinking fund commission"; deleted "however" in the first proviso; and made other minor changes.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission

shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health" for "department of health"; substituted "division of environmental protection" for "department of natural resources"; deleted "and regulations" following "rules" in the last sentence; and made stylistic changes.

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district who possess certain educational, business

or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district, nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after such board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district, which three members become members of the board of the district without any further act or proceedings.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three; and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population

stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is, approximately one third of the members for a term of two years, a like number for a term of four, and the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days; otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment, in the second paragraph, substituted "bureau of public health" for "department of health," and substituted "division of environmental protection" for "department of natural resources"; in the third paragraph, deleted "not" prior to "less than eighteen thousand," deleted "shall thereby" prior to "become members," and substituted "so appointed are" for "shall be and constitute"; deleted "and constitute" prior to "the board of the district" in the fourth paragraph; deleted "additional" prior to

'member or members" in the fifth paragraph; deleted "and regulations" following "rules" in the seventh paragraph; deleted "the" prior to "same out on orders" in the penultimate paragraph; and made stylistic changes.

Compensation of board members for performing additional duties prohibited. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

Compensation of board members for performing additional duties prohibited. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

Nuisance is element of just compensation. — If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Procedure for affixing compensable interests. — Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises

served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall

terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the bureau of public health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of

equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health" for "department of health" throughout the section; deleted "and regulations" following "reasonable rules" in the first paragraph and following "all rules" in the second paragraph; and made stylistic changes.

Sewage lagoons buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health, the division of environmental protection and the environmental quality board" for "state department of health and the state water resources board"; deleted "declared" preceding "a public instrumentality"; and made stylistic changes.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Permissible borrowing by public service districts. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

Certificate of necessity and convenience. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain not subject to public service commission review. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.
16-13B-15. Assessment certificates; assignments; designation of registrar for assessment certificates.
16-13B-16. No liability of state, county, municipality and assessment district.
16-13B-17. Payment of assessment fees; releases.
16-13B-18. Liens; recording notice of liens; suit for enforcement; priority.
16-13B-19. Reassessment for void, irregular or omitted assessments.
16-13B-20. How additional territory may be added to assessment district.
16-13B-21. Operation and maintenance of

A RESOLUTION AND ORDER, creating Boone - Raleigh Public Service District in Boone and Raleigh Counties, West Virginia

WHEREAS, the County Court of Boone County, West Virginia, did heretofore by a resolution and order adopted April 5, 1972, fix a date for a public hearing on the creation of the proposed Boone-Raleigh Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has been given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Boone County, West Virginia, as follows:

Section 1. That a public service district within Boone and Raleigh Counties, West Virginia, is hereby created and said district shall have the following described boundaries

BEGINNING at a point with latitude North 38° 04' 00" and longitude West 81° 35' 00",
THENCE, due East 4.5 miles to a point having a latitude of North 38° 04' 00" and longitude West 81° 30' 00",

THENCE, due South 13.60 miles to a point having a latitude N 37° 52' 30" and longitude W 81° 30' 00",
THENCE, due West 3.4 miles to a point having latitude N 37° 52' 30" and longitude W 81° 33' 44",
THENCE, North following the meanders of the Boone-Raleigh County Line 8.5 miles to a point having latitude North 37° 58' 12" and longitude West 81° 32' 12",
THENCE, North 40° 00' West 3.85 miles to a point having latitude North 38° 00' 46" and longitude West 81° 35' 00",
THENCE, North 3.8 miles to the point of BEGINNING, containing an area of 50.77 square miles - as follows:

Boone County	25.94 square miles
Raleigh County	24.83 square miles
Total Area	50.77 square miles

as shown on a map prepared by J. H. MILAM, INC., Dunbar, West Virginia, dated March 8, 1972, Boone-Raleigh Public Service District, Boone and Raleigh Counties.

Section 2. That said public service district so created shall have the name and corporation title of "Boone-Raleigh Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Boone County, West Virginia has determined that the territory within Boone and Raleigh Counties, West Virginia, having hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT

May 3, , 1972

Robert L Rogers
President

Attest:
E Kay Hall
Clerk

A RESOLUTION AND ORDER ~~appointing~~ members to the public service board of the Boone-Raleigh Public Service District.

WHEREAS, the County Court of Boone County, West Virginia, did heretofore by resolution and order adopted April 5, 1972, create the Boone-Raleigh Public Service District; and

WHEREAS, under the provisions of Article 13A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested and exercised by a public service board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the West Virginia Code that this County Court shall appoint three members of said board, who shall be persons residing within the district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Boone County, West Virginia, as follows:

Section 1. That the County Court of Boone County, West Virginia, hereby finds and determines that Earl Howell, Zack Karantonis and Harold W. Scott, are persons residing within the Boone-Raleigh Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Earl Howell for a term of six years from the first day of the month in which this resolution and order is adopted;

Zack Karantonis for a term of four years from the first day of month in which this resolution and order is adopted; and

Harold W. Scott for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable at the office of the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Boone-Raleigh Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COURT May 3, 1972.

Attest:

Robert Rogers
President

E. Ray Hall
Clerk

STATE OF WEST VIRGINIA)
)ss.
COUNTY OF BOONE)

I, E. Ray Hall, hereby certify that I am the duly qualified and acting Clerk of the County Court of Boone County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of May 3, 1972, and resolution and orders then adopted relating to the creation of Boone-Raleigh Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Madison, West Virginia, this May 3, 1972.

E. Ray Hall
County Court Clerk

State of West Virginia, Boone County, ss: I, Ed Cooke, Clerk of the County Commission of said County, West Virginia, do hereby certify the foregoing to be a true copy from the records of my said office. Given under my hand and official seal at Madison, West Virginia, this 24th day of January, 1994.

Book No. 27 Page No. 272-275

Test: Ed Cooke, Clerk

By: Brenda L. Hill, Deputy

Continued

At a REGULAR/ Session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 22nd day of August, 1988, the following ORDER was made and entered:

SUBJECT: BOUNDARY REALIGNMENT OF COAL RIVER PUBLIC SERVICE DISTRICT AND BOONE-RALEIGH PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner J. M. "Mickey" Protan:

A Notice of Public Hearing regarding a boundary realignment of the Coal River Public Service District and the Boone-Raleigh Public Service District having been duly published (See Attachments "A" and "B", Affidavits of Publication) and posted (See Attachment "C", Affidavit of Pat Dent, Administrative Aid to County Commission), said Public Hearing having been held this 22nd day of August, 1988, at which public comments were heard and recorded; it is hereby moved and duly seconded that the Boone County Commission adopt the attached "Resolution and Order for Boundary Realignment of Coal River Public Service District and Boone-Raleigh Public Service District," thereby making boundary realignments to the Coal River Public Service District and the Boone-Raleigh Public Service District as depicted in the said Resolution.

The adoption of the foregoing motion having been made by J. M. "Mickey" Protan, Commissioner, and duly seconded by Gordon Eversole, Commissioner, the vote thereon was as follows:

Gordon Eversole, President ..... AYE

J. M. Mickey Protan, Commissioner ..... AYE

Gene Kuhn, Commissioner ..... AYE

Whereupon, Gordon Eversole, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Gordon Eversole
Gordon Eversole, President

J. M. "Mickey" Protan
J. M. "Mickey" Protan, Commissioner

Gene Kuhn
Gene Kuhn, Commissioner

ATTACHMENT "C"

AFFIDAVIT

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, to-wit;

This day came Pat Dent, Administrative Aid to the Boone County commission, and appeared before the undersigned authority, and after having been duly sworn, did depose and say the following to be true and correct to the best of his knowledge and belief:

I, Pat Dent, Administrative Aid to the Boone County Commission, do hereby swear that I posted the attached notices entitled "Boundary Realignment of Coal River Public Service District and Boone Raleigh Public Service District" at the following locations on Friday, August 12, 1988:

Coal River Public Service District Office, Racine

Seth Post Office

Transfer Station #2, Fosterville

Orgas Community Center, Front Entrance

Orgas Post Office

Sylvester Community Building

Boone Raleigh Public Service District Office, Sylvester

Sylvester Post Office

Whitesville Post Office

Mason's IGA

Further, the affiant sayeth naught.

Pat Dent, Administrative Aid
Boone County Commission

Taken, sworn to and subscribed before me this 19 day of August, 1988.

My Commission expires March 5, 1994.

Raymond E. Largo
Notary Public in and for Boone County, West Virginia

OF COAL RIVER PUBLIC SERVICE DISTRICT AND BOONE RALEIGH PUBLIC SERVICE DISTRICT

NOTICE OF PUBLIC HEARING

Notice is hereby given that the County Commission of Boone County, on its own motion, is to consider the realignment of boundary lines to increase the boundaries of the Coal River Public Service District and to reduce the boundaries of the Boone-Raleigh Public Service District for the purpose of increased services to the residents of the affects areas:

The Boone County Commission, by Order entered on the 26th day of July, 1988, proposed to increase the boundaries of the Coal River Public Service District by including the area hereinafter described as follows:

BEGINNING on a point approximately 1.5 miles south of the town of Fosterville on the west side of Big Coal River on the existing boundary line of the Coal River P.S.D. at a latitude of N. 38 Degrees 04' 22" and a longitude of W. 81 Degrees 36' 41"; thence crossing Big Coal River and WV Route 3 and with the existing Coal River P.S.D. boundary line

N31 05'E 1.53 miles to a point just east of the town of Fosterville at a latitude of N. 38 Degrees 05' 30" and a longitude of W81 Degrees 35' 47"; thence leaving the existing boundary line of the Coal River P.S.D.

S55.00' E 3.1 miles to the northern boundary line of the Boone Raleigh P.S.D. at latitude N. 38 Degrees 04' 00" and longitude W. 81 Degrees 35' 00"; thence entering the Boone Raleigh P.S.D. so as to incorporate a portion of said Boone Raleigh P.S.D. into the Coal River P.S.D.

SOUTH 2.3 miles to a point with a latitude of N. 38 Degrees 02' 00" and longitude W. 81 Degrees 33' 00"; thence

WEST 1.8 miles to a point on the west boundary line of the Boone Raleigh P.S.D. at latitude N. 38 Degrees 02' 00" and longitude W. 81 Degrees 35' 00"; thence with the Boone Raleigh P.S.D. boundary line

NORTH 2.3 miles to a point with a latitude of N. 38 Degrees 04' 00" and a longitude of W. 81 Degrees 35' 00"; thence leaving the boundary line of Boone Raleigh P.S.D. N 72 Degrees 59' 33" W. 1.6 miles to the place of the beginning; and

Further, said County Commission proposed to reduce the Boone Raleigh Public Service District by excluding from same that portion of the above-described property incorporating a portion of the said Boone-Raleigh Public Service District into the Coal River Public Service District.

The herein described boundary contains 6.94 square miles and is located in Sherman District, Boone County, West Virginia.

All persons residing in or owning or having any interest in property in said Public Service Districts are hereby notified that the County Commission of Boone County will conduct a Public Hearing on Monday, August 22, 1988, at 6:30 o'clock p.m. at the Courthouse at Madison, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the boundary realignment of the said Coal River Public Service District and Boone-Raleigh Public Service District.

THE BOONE COUNTY COMMISSION
Ed Cooke, Clerk
8 10

AFFIDAVIT OF PUBLICATION

State of West Virginia
County of Boone, to wit:

I, A. L. Jarrell, being first sworn upon my oath, do depose and say that I am president of Hometown Newspapers, Inc., a corporation, and publisher of the newspaper entitled the HOMETOWN NEWS, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly on Wednesday, for at least fifty weeks during the calendar year, in the Municipality of Madison, Boone County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commerical and social nature, and for current happenings, announcements, miscellaneous reading matters; that the annexed

notice of Boundary Realignment of Coal River Public Service District

was duly published in said newspaper once a week for 1 successive weeks, commencing with the issue of the 10th day of August 19 88.

ending with the issue of the 10th day of August 19 88.

(and was posted at the _____

on the _____ day of _____, 19_____).

/s/ A L Jarrell
A.L. Jarrell, Publisher
HOMETOWN NEWS

Taken, subscribed and sworn to before me in my said county this 10th

day of August, 19 88.

My commission expires July 3, 1995

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JANET L. YEAGER
Box 297
Madison, W Va 25130
My Commission Expires January 3, 1995

/s/ Janet L. Yeager
Janet L. Yeager
Notary Public of West Virginia

Cost of Publication $ 32.76

ATTACHMENT B

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA
COUNTY OF BOONE, to wit:

I, Larry E. Martin, being duly sworn, upon my oath, do depose and say that I am Publisher of the corporation entitled Boone County Newspapers, Inc., publishers of the COAL VALLEY NEWS, that such newspaper has been published for more than a year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the municipality of Madison, Boone County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area of the aforesaid municipality; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and current happenings, announcements, miscellaneous reading matters, advertisements, and other notices;

that the annexed notice of Boundary

was duly published in the COAL VALLEY NEWS

on successive week (Class

on the 10th day of August

to the 10th day of August, 19

and on the _____ day of _____, 19_____;) that said

annexed notice was published on the following dates: 8/10/88

and that the cost of publishing said annexed notice as aforesaid was $47.25

L E Martin

Taken, subscribed and sworn to before me in my said county this 13th day of August, 1988

My commission expires July 16, 1998

Teresa Kinder

Notary Public of Boone County,
West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA KINDER
Coal Valley News
P.O. Box 85
Madison, WV 25130
My Commission Expires July 16, 1998

COAL RIVER PUBLIC SERVICE DIS[redacted]
AND
BOONE RALEIGH PUBLIC SERVICE DISTRICT

NOTICE OF PUBLIC HEARING

Notice is hereby given that the County Commission of Boone County, on its own motion, is to consider the realignment of boundary lines to increase the boundaries of the Coal River Public Service District and to reduce the boundaries of the Boone-Raleigh Public Service District for the purpose of increased services to the residents of the affects areas:

The Boone County Commission, by Order entered on the 26th day of July, 1988, proposed to increase the boundaries of the Coal River Public Service District by including the area hereinafter described as follows:

BEGINNING on a point approximately 1.5 miles south of the town of Fosterville on the west side of Big Coal River on the existing boundary line of the Coal River P.S.D. at a latitude of N. 38 degrees 04' 22" and a longitude of W. 81 degrees 38' 41"; thence crossing Big Coal River and WV Route 3 and with the existing Coal River P.S.D. boundary line

N31 05' E 1.53 miles to a point just east of the town of Fosterville at a latitude of N. 38 degrees 05' 30" and a longitude of W 81 degrees 35' 47"; thence leaving the existing boundary line of the Coal River P.S.D.

S55 00' E 3.1 miles to the northern boundary line of the Boone Raleigh P.S.D. at latitude N. 38 degrees 04' 00" and longitude W. 81 degrees 35' 00"; thence entering the Boone Raleigh P.S.D. so as to incorporate a portion of said Boone Raleigh P.S.D. into the Coal River P.S.D.

SOUTH 2.3 miles to a point with a latitude of N. 38 degrees 02' 00" and longitude W. 81 degrees 33' 00"; thence

WEST 1.8 miles to a point on the west boundary line of the Boone Raleigh P.S.D. at latitude N. 38 degrees 02' 00" and longitude W. 81 degrees 35' 00"; thence with the Boone Raleigh P.S.D. boundary line

NORTH 2.3 miles to a point with a latitude of N. 38 degrees 04' 00" and a longitude of W. 81 degrees 35' 00"; thence leaving the boundary line of Boone Raleigh P.S.D. N 72 degrees 59' 33" W 1.8 miles to the place of the beginning; and

Further, said County Commission proposed to reduce the Boone-Raleigh Public Service District by excluding from same that portion of the above-described property incorporating a portion of the said Boone-Raleigh Public Service District into the Coal River Public Service District.

The herein described boundary contains 6.94 square miles and is located in Sherman District, Boone County, West Virginia.

All persons residing in or owning or having any interest in property in said Public Service Districts are hereby notified that the County Commission of Boone County will conduct a Public Hearing on Monday, August 22, 1988, at 6:30 o'clock p.m. at the Courthouse at Madison, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the boundary realignment of the said Coal River Public Service District and Boone-Raleigh Public Service District.

THE BOONE COUNTY COMMISSION
/s/ Ed Cooke
Ed Cooke, Clerk

B-10

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

RESOLUTION AND ORDER
FOR BOUNDARY REALIGNMENT OF
COAL RIVER PUBLIC SERVICE DISTRICT
AND
BOONE-RALEIGH PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Boone County has determined that it is necessary, feasible and proper to reduce the boundaries of the Boone-Raleigh Public Service District in order to allow increased services to the residents of the affects area; and

WHEREAS, the area proposed to be reduced from the Boone-Raleigh Public Service District is currently within the boundaries of Boone-Raleigh Public Service District; and

WHEREAS, the County Commission of Boone County proposes to increase the boundaries of the Coal River Public Service District, including, but not limited to, that area reduced from the Boone Raleigh Public Service District; and

WHEREAS, the County Commission of Boone County held a Public Hearing on August 22, 1988, at 6:30 o'clock p.m. in compliance with Section 16-13a-2 of the West Virginia Code; and

WHEREAS, the County Commission of Boone County being satisfied that the requirements of Section 16-13a-2 of the West Virginia Code have been met by appropriate affidavit of publication from the appropriate newspapers and further that an appropriate affidavit has been filed in accordance with the posting of notice in at least five conspicuous places in each of the areas to be affected;

NOW, THEREFORE, upon the Motion of Commissioner J. M. "Mickey" Protan, and seconded by Commissioner Gordon Eversole, and upon unanimous vote, the County Commission of Boone County hereby ORDERS that in compliance with Section 16-13a-2 of the West Virginia Code, the boundaries of the Coal River Public Service District be increased by including the area hereinafter described as follows:

BEGINNING on a point approximately 1.5 miles south of the town of Fosterville on the west side of Big Coal River on the existing boundary line of the Coal River P.S.D. at a latitude of N.38 04'22" and a longitude of W.81 36'41"; thence crossing Big Coal River and WV Route 3 and with the existing Coal River P.S.D. boundary line

N31 05'E 1.53 miles to a point just east of the town of Fosterville at a latitude of N.38 05'30" and a longitude

of W81 35'47"; thence leaving the existing boundary line of the Coal River P.S.D.

S55 00'E 3.1 miles to the northern boundary line of the Boone Raleigh P.S.D. at latitude N.38 04'00" and longitude W.81 35'00"; thence entering the Boone Raleigh P.S.D. so as to incorporate a portion of said Boone Raleigh P.S.D. into the Coal River P.S.D.

SOUTH 2.3 miles to a point with a latitude of N.38 02'00" and longitude W.81 33'00"; thence

WEST 1.8 miles to a point on the west boundary line of the Boone Raleigh P.S.D. at latitude N.38 02'00" and longitude W.81 35'00"; thence with the Boone Raleigh P.S.D. boundary line

NORTH 2.3 miles to a point with a latitude of N.38 04'00" and a longitude of W.81 35'00"; thence leaving the boundary line of Boone Raleigh P.S.D. N72 59'33"W 1.6 miles to the place of the beginning.

FURTHER, that the boundaries of the Boone-Raleigh Public Service District be reduced by excluding that portion of the above-stated described property incorporating a portion of the said Boone Raleigh P.S.D. into the Coal River P.S.D.

The herein described boundary contains 6.94 square miles and is located in Sherman District, Boone County, West Virginia.

Entered this 22nd day of August, 1988.

Gordon Eversole

Gordon Eversole, President

J. M. Mickey Protan

J. M. "Mickey" Protan, Commissioner

Gene Kuhn

Gene Kuhn, Commissioner

Attest:

Ed Cooke

CLERK

[illegible] County Commission [illegible] County, West [illegible] foregoing is a true and correct copy from th[illegible] as the same appears therein.

Commissioner [illegible] Book no. 55 Page no. 528-532

[illegible] my hand and official seal, at Madison, West V[illegible]

24th day of January, 1994

Teste: Ed Cooke

By: [illegible]

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

ORDER

WHEREAS, the County Commission of Boone County has determined that it is necessary, feasible and proper to decrease the boundaries of the Boone-Raleigh Public Service District in order to allow increased services to the residents of the affected area,

WHEREAS, the area proposed to be added to the Raleigh County Public Service District is currently within the boundaries of the Boone-Raleigh Public Service District, and

WHEREAS, the County Commission of Boone County held a public hearing on May 9, 1988 at 6:30 p.m. in compliance with Section 16-13a-2 of the West Virginia Code, and

WHEREAS, the County Commission of Boone County being satisfied that the requirements of Section 16-13a-2 of the West Virginia Code have been met by appropriate affidavit of publication from the appropriate newspapers and further that an appropriate affidavit has been filed in accordance with the posting of notice in at least five conspicuous places in the area to be affected.

Therefore, upon the motion of Commissioner Gordon Eversole, seconded by Commissioner J. M. "Mickey" Protan, and upon unanimous vote, the County Commission of Boone County hereby ORDERS that the boundaries of the Boone-Raleigh Public Service District be amended to delete the area hereinafter described as follows:

> BEGINNING at a point at the Raleigh-Boone County line, said point being on the ridge line of Cherry Pond Mountain, thence in a northerly direction along the Raleigh-Boone County line to a point having a latitude of N 37° 59' 04" and longitude of W 81° 30' 00"; thence, W 3.40 miles to a point having a latitude of N 37° 52' 28" and longitude of W 81° 33' 47" and said point being the original point of beginning.

The herein described boundary contains 23.05 square miles and located within the Clear Fork/Marsh Fork tax districts, Raleigh County, West Virginia.

Entered this 9th day of May, 1988.

Gordon E. [illegible]
PRESIDENT

J. M. Mickey Proton
COMMISSIONER

COMMISSIONER

Attest:

Ed Cooke Ed Cooke
CLERK

[illegible]
I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby [illegible] and correct copy from the records of [illegible] as the
Commissioners Record book no. 54 589-590
[illegible] under my hand [illegible], at [illegible], West Virginia, this 24th day of January, 1994.

Teste: Ed Cooke, Clerk
By: Bonda S. Hill, Deputy

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

Be it Resolved and Ordered by the Boone-Raleigh Public Service District:

Section 1. Statutory Mandate for These Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Boone-Raleigh Public Service District (herein called the "District"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the District.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the District:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the District shall instruct the Chairman to, and the Chairman shall, post, and leave posted throughout the year to which it applies, at the place in the Courthouse of Boone County where notices customarily are posted a notice setting forth the times and places of the District's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Chairman.

Also immediately after adoption of this Resolution and in July of each year thereafter, the District shall instruct the Chairman to, and the Chairman shall, distribute to each of the news media listed below a notice identical to that posted.

News Media	Address
Coal Valley News	P. O. Box 508 Madison, WV 25130
WCHS-TV	1301 Piedmont Road Charleston, WV 25339

[The remainder of this page is intentionally left blank.]

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this Resolution, the District shall review the above list and shall amend such list as needed, in the opinion of the District, to reflect properly all the news media that customarily cover news of the area served by the District.

In the event of any modification in the time or place of a regularly scheduled meeting of the District, notice of such modification shall be given to the public and news media by posting at the place and distributing to the new media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Chairman to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the District shall determine that such posting and distribution were in substantial compliance herewith.

Rule No 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the District, the District shall instruct the Chairman to, and the Chairman shall, post on the door of the regular meeting place of the District, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Chairman shall distribute to each of the news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A

notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Chairman to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the District shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 3. Emergency Meeting. A meeting as of the District may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of any emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the District and shall be attested to in a certificate by the Chairman describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Board Meeting: July 13, 1994

Adopted by Board: July 13, 1994

Chairman

[SEAL]

Secretary

ABB04F14

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 14th day of February, 1994, the following ORDER was made and entered:

SUBJECT: REAPPOINTMENT OF EARL HOWELL TO BOONE-RALEIGH PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner J. M. "Mickey" Protan:

That the Boone County Commission hereby reappoint Earl Howell, of Whitesville, WV, to serve on the Boone-Raleigh Public Service District for a six-year term of office which will expire February 1, 2000, and which reappointment is retroactive to February 1, 1994.

A copy of this ORDER has been sent to Mr. Earl Howell, and a copy to the Boone-Raleigh PSD.

The adoption of the foregoing motion, having been made J. M. "Mickey" Protan, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

Gene Kuhn, President ..... __AYE__

Gordon Eversole, Commissioner ..... __AYE__

J. M. "Mickey" Protan, Commissioner ..... __AYE__

Whereupon, Gene Kuhn, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Gene Kuhn, President

Gordon Eversole

Gordon Eversole, Commissioner

J. M. "Mickey" Protan, Commissioner

At a REGULAR session of the County Commission of Boone County, West Virginia, continued and held at the Courthouse thereof on the 13th day of February, 1990, the following ORDER was made and entered:

SUBJECT: REAPPOINTMENT OF STERLING "TED" MILLER TO BOONE-RALEIGH PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner J. M. "Mickey" Protan:

That the Boone County Commission reappoint Sterling "Ted" Miller to serve on the Boone-Raleigh Public Service District for a six-year term of office that will expire February 1, 1996.

A copy of this ORDER has been sent to Mr. Sterling "Ted" Miller, and a copy to the Boone-Raleigh Public Service District.

The adoption of the foregoing motion, having been made by J. M "Mickey" Protan, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

Susie Rogers, President .... __AYE__

J. M. "Mickey" Protan, Commissioner ..... __AYE__

Gene Kuhn, Commissioner ..... __AYE__

Whereupon, Susie Rogers, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Susie Rogers

Susie Rogers, President

J. M. Mickey Protan

J. M. "Mickey" Protan, Commissioner

Gene Kuhn

Gene Kuhn, Commissioner

[illegible] Commission of Boone County, West Virginia, [illegible] a true and correct copy from the records [illegible] Commissioner Record Book 59 [illegible] 116 [illegible] and official seal, [illegible], West Virginia, this 24th day of January, 1994.

Teste: [illegible], Clerk

By: [illegible], Deputy

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 9th day of March, 1992, the following ORDER was made and entered:

SUBJECT: REAPPOINTMENT OF BETTY SMITH TO BOONE-RALEIGH PSD

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission, in accordance with Chapter 16, Article 13A, Section 3 of the West Virginia Code, reappoint Betty Smith to serve a 6-year term of office on the Boone-Raleigh Public Service District, with said term of office to expire February 1, 1998.

A copy of this ORDER has been sent to Ms. Betty Smith, and a copy to the Boone Raleigh Public Service District.

The adoption of the foregoing motion, having been made by Gordon Eversole, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

J. M. "Mickey" Protan, President ..... AYE

Gene Kuhn, Commissioner ..... AYE

Gordon Eversole, Commissioner ..... AYE

Whereupon, J. M. "Mickey" Protan, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

J. M. "Mickey" Protan, President

Gene Kuhn, Commissioner

Gordon Eversole, Commissioner

STATE OF WEST VIRGINIA, BOONE COUNTY, TO WIT:

I, [illegible], Clerk of the County Commission of Boone County, West Virginia, do certify that the foregoing is a true and correct copy from the records of the said Commission.

Commission Order Book No. 63 Page No. 765

Given under my hand and the seal of said County, West Virginia, this 24th day of January, 1994.

Teste: [illegible], Clerk

By: Brenda L. Hall, Deputy

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

Not less than 3 Members
6-Year Terms
(WV Code 16.13A.3)

(Members must reside within the district; must successfully complete PSC training program within 6 months of taking office;)

(Municipalities with population in excess of 3000 but less than 18000 appoint one member; County Commission appoints the other members.)

NAME	TERM OF OFFICE
Earl Howell (854-0075) Whitesville, WV 25209	May 3, 1972 - Feb. 1, 2000
Sterling "Ted" Miller (854-1780) Sylvester, WV 25193	Oct. 19, 1981 - Feb. 1, 1996
Betty Smith (854-1078) Whitesville, WV 25209	Apr. 16, 1984 - Feb. 1, 1998

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Member of Boone-Raleigh Public Service District to the best of my skill and judgment. SO HELP ME GOD.

Earl Howell

Subscribed and sworn to before me, in my said County and State, this 3rd day of May, 1972.

E. Ray Hall
Clerk of the County Court of
Boone County, West Virginia.

State of West Virginia,

Boone County Court Clerk's Office, May 3, 1972.

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: E. Ray Hall, Clerk

A Copy, Teste: E. Ray Hall, Clerk

By: Estap Dunlap, Deputy

STATE OF WEST VIRGINIA, BOONE COUNTY, ss:

I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.

Oath Book no. 5 Page no. 106

Given under my hand and official seal, at Madison, West Virginia, this 27th day of May, 1994

Teste: Ed Cooke, Clerk

By: Larry W. Clarke, Deputy

RECEIVED
MAY 1 12 01 PM '84
ALBERT J. GORE, CLERK
BOONE COUNTY COMMISSION

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of MEMBER - BOONE-RALEIGH PUBLIC SERVICE DISTRICT to the best of my skill and judgment, SO HELP ME, GOD.

Betty L Smith

Subscribed and sworn to before me, in my said County and State, this 25th day of April, 1984.

James W Hamilton
member of County Commission of
Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, May 1st, 1984.

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Albert J Gore, Clerk.

STATE OF WEST VIRGINIA, BOONE COUNTY, TO-WIT:
I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.
Oath Book no. 7 Page no. 268
Given under my hand and official seal, at Madison, West Virginia, this 27th day of May, 1994.
Teste: Ed Cooke, Clerk
Mary K Barker, Deputy

268

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 64307-D

RECEIVED
MAR 13 3 12 PM '84
ALBERT J. GORE, CLERK
BOONE COUNTY COMMISSION

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Member - Boone Raleigh Public Service District to the best of my skill and judgment, SO HELP ME, GOD.

Sterling J Miller

Subscribed and sworn to before me, in my said County and State, this 2nd day of March, 1984.

James W. Armstrong
Commissioner Clerk of the County Commission of Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, March 13, 1984.

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Albert J. Gore, Clerk.

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE
I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.
Oath Book no. 7 Page no. 243
Given under my hand and official seal, at Madison, West Virginia, this 27th day of May, 1994
Teste: Ed Cooke, Clerk
By Larry W. Darker, Deputy

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 64307-D

WDA-5
(May 1993)

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").

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

(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 of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

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

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

(xiii) That, 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.

Boone-Raleigh Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: Earl S Howell

Its: Chairman

Attest:

Date: July 20, 1994

Betty L Smith

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B Yankosky
Director

Attest:

Date: July 20, 1994

Barbara B Meadows
Secretary-Treasurer

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 1,543,981

Purchase Price of Local Bonds $ 1,543,981

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 Bridge Financing Program
Debt Service Schedule - Boone-Raleigh PSD

Avg Coup = 6.75%
TIC = 6.751111%
NIC = 6.750000%
Arb. Yield = 6.751111%
WAM = 27.85 yrs.

Closing July 20, 1994
Interest Bearing Loan: $1,543,981.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	20,554.25	20,554.25
10/1/95	6.75%	0.00	104,218.72	104,218.72
10/1/96	6.75%	9,503.07	104,218.72	113,721.79
10/1/97	6.75%	10,144.53	103,577.26	113,721.79
10/1/98	6.75%	10,829.29	102,892.50	113,721.79
10/1/99	6.75%	11,560.26	102,161.53	113,721.79
10/1/00	6.75%	12,340.58	101,381.21	113,721.79
10/1/01	6.75%	13,173.57	100,548.22	113,721.79
10/1/02	6.75%	14,062.79	99,659.00	113,721.79
10/1/03	6.75%	15,012.03	98,709.77	113,721.80
10/1/04	6.75%	16,025.34	97,696.45	113,721.79
10/1/05	6.75%	17,107.05	96,614.74	113,721.79
10/1/06	6.75%	18,261.77	95,460.02	113,721.79
10/1/07	6.75%	19,494.44	94,227.35	113,721.79
10/1/08	6.75%	20,810.32	92,911.47	113,721.79
10/1/09	6.75%	22,215.01	91,506.78	113,721.79
10/1/10	6.75%	23,714.53	90,007.26	113,721.79
10/1/11	6.75%	25,315.26	88,406.53	113,721.79
10/1/12	6.75%	27,024.04	86,697.75	113,721.79
10/1/13	6.75%	28,848.16	84,873.63	113,721.79
10/1/14	6.75%	30,795.41	82,926.38	113,721.79
10/1/15	6.75%	32,874.10	80,847.69	113,721.79
10/1/16	6.75%	35,093.10	78,628.69	113,721.79
10/1/17	6.75%	37,461.89	76,259.90	113,721.79
10/1/18	6.75%	39,990.57	73,731.23	113,721.80
10/1/19	6.75%	42,689.93	71,031.86	113,721.79
10/1/20	6.75%	45,571.50	68,150.29	113,721.79
10/1/21	6.75%	48,647.58	65,074.22	113,721.80
10/1/22	6.75%	51,931.29	61,790.50	113,721.79
10/1/23	6.75%	55,436.65	58,285.14	113,721.79
10/1/24	6.75%	59,178.62	54,543.17	113,721.79
10/1/25	6.75%	63,173.18	50,548.61	113,721.79
10/1/26	6.75%	67,437.37	46,284.42	113,721.79
10/1/27	6.75%	71,989.39	41,732.40	113,721.79
10/1/28	6.75%	76,848.68	36,873.12	113,721.80
10/1/29	6.75%	82,035.96	31,685.83	113,721.79
10/1/30	6.75%	87,573.39	26,148.40	113,721.79
10/1/31	6.75%	93,484.59	20,237.20	113,721.79
10/1/32	6.75%	99,794.80	13,926.99	113,721.79
10/1/33	6.75%	106,530.96	7,190.84	113,721.80
		1,543,981.00	2,902,220.04	4,446,201.04

Prepared 7/13/94

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. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

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

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, 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. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection and EPA.

2. The Governmental Agency agrees that it will permit the EPA 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.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Division of Environmental Protection and approval of the "Part B" supplement to its EPA grant agreement.

4. 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 and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water 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 either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. 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.

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

8. 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.

SRF-LP-1
(April 1993)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

BOONE-RALEIGH PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the construction, acquisition and improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to construct, operate and improve a wastewater treatment project and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, 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 "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.

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government 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 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Local Government 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 Local Government 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 Local Government, 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 DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP 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 Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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 Local Government 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 and DEP. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP 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, DEP and the

Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government 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 Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy of each Form to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government 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;

(d) The Local Government shall either have received bids or entered into 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 Local Government 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 and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 and DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, 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 and DEP shall have received a certificate of the accountants for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, 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 and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP 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 and DEP, including the SRF Regulations, 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 Local Government and the Local Government shall accept the Loan from the

Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government 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, DEP and the Local Government. 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 set forth in Exhibit E hereto.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

(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 is funded (whether by Local Bond proceeds, monthly deposits or otherwise) 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 Local Government will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other deposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government 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 and with the written consent of the Authority and DEP; 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 Local Government 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 Local Government 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 Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government 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 and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Government's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Local Government 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 and DEP 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, advanced from time to time, 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 Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) 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 Local Government 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;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers 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; and

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be 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 any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 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 Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by local governments in the terms and covenants of loan agreements, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government 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 The Local Government hereby warrants and represents that all information provided to the Authority and DEP 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 and DEP shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the SRF Regulations or this Loan Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP 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.

6.7 The Local Government 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 Schedule Y 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the amount of the Loan made by the Authority and DEP as set forth in (iii) above is not terminated due to such non-funding on any balance on the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default under the Loan Agreement.

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.

Boone-Raleigh Public Service District
[Proper Name of Local Government]

(SEAL)

By: Charles Howell
Its: Chairman

Attest:

Sterling J. Miller
Its Secretary

Date: 4-21-94

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Maha A. Kott
Its: Chief, Office of Water Resources

Date: 4-22-94

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankoski
Its: Director

Attest:

Barbara B Meadows
Secretary-Treasurer

Date: April 19, 1994

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS 25th day of August, 1992.

Attorney General
BY: Dawn E Wayfield
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

I. As required by the Clean Water Act under Title VI, Section 602(b)(6), and the Loan Agreement, the Local Government does hereby certify that it has :

a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the _____ day of _____, 19___.

b. Utilized the services of _____, our prime engineer who either:

_____ Supervised our project construction; and/or

_____ Provided architectural and engineering services during construction.

For a period of twelve (12) months following the initiation of operations, the prime engineer provided the following services:

1) Directed project operation and maintenance; and
2) Trained operating personnel and prepared the required curricula and training materials, and revised the operation and maintenance manual(s); and
3) Advised the Local Government on the status of the project meeting performance standards.

II. The Local Government, having access to and control of all the necessary data, and having monitored the construction of this project, hereby certifies that the project built under this Loan Agreement meets:

a. The specifications for which the project was planned, designed, and built.

b. The effluent limitations contained in its NPDES permit, if applicable.

_____
Local Government Name

_____ _____
Local Government Representative's Name and Title Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF 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 Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

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 among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") 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 twenty 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) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19___.

_____

By _____

West Virginia License No. _____

[SEAL]

EXHIBIT E

[Special Conditions]

The recipient agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Prior to Loan Closing, the following actions must occur:

2. FACILITY PLAN:

A "Finding of No Significant Impact" will be issued to the public for comments. If no adverse comments are received, the project may proceed.

3. TITLE OPINION:

A final attorney's title opinion on land and rights-of-way must be submitted.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Local Government] on _____, ___.

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[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 "Local Government"), 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 Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, 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 _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

Year	Installment	Interest Rate

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 Local Government 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 Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government 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 Local Government, 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,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$ 518,919
Purchase Price of Bonds	$ 518,919

Interest on the Bonds shall be zero percent from the date of delivery ~~to and including~~ _____. Principal ~~and interest~~ on the Bonds is payable quarterly, commencing September 1, 1995, at a rate of 0 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] ~~or [provide list of outstanding debt]~~.

The Local Government shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. If the Reserve Fund is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Bond Commission. The Local Government shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Boone-Raleigh PSD
SRF
DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/1995	-	-	-	-
9/01/1995	6,487.00	-	-	6,487.00
12/01/1995	6,487.00	-	-	6,487.00
3/01/1996	6,487.00	-	-	6,487.00
6/01/1996	6,487.00	-	-	6,487.00
9/01/1996	6,487.00	-	-	6,487.00
12/01/1996	6,487.00	-	-	6,487.00
3/01/1997	6,487.00	-	-	6,487.00
6/01/1997	6,487.00	-	-	6,487.00
9/01/1997	6,487.00	-	-	6,487.00
12/01/1997	6,487.00	-	-	6,487.00
3/01/1998	6,487.00	-	-	6,487.00
6/01/1998	6,487.00	-	-	6,487.00
9/01/1998	6,487.00	-	-	6,487.00
12/01/1998	6,487.00	-	-	6,487.00
3/01/1999	6,487.00	-	-	6,487.00
6/01/1999	6,487.00	-	-	6,487.00
9/01/1999	6,487.00	-	-	6,487.00
12/01/1999	6,487.00	-	-	6,487.00
3/01/2000	6,487.00	-	-	6,487.00
6/01/2000	6,487.00	-	-	6,487.00
9/01/2000	6,487.00	-	-	6,487.00
12/01/2000	6,487.00	-	-	6,487.00
3/01/2001	6,487.00	-	-	6,487.00
6/01/2001	6,487.00	-	-	6,487.00
9/01/2001	6,487.00	-	-	6,487.00
12/01/2001	6,487.00	-	-	6,487.00
3/01/2002	6,487.00	-	-	6,487.00
6/01/2002	6,487.00	-	-	6,487.00
9/01/2002	6,487.00	-	-	6,487.00
12/01/2002	6,487.00	-	-	6,487.00
3/01/2003	6,487.00	-	-	6,487.00
6/01/2003	6,487.00	-	-	6,487.00
9/01/2003	6,487.00	-	-	6,487.00
12/01/2003	6,487.00	-	-	6,487.00
3/01/2004	6,487.00	-	-	6,487.00
6/01/2004	6,487.00	-	-	6,487.00
9/01/2004	6,487.00	-	-	6,487.00
12/01/2004	6,487.00	-	-	6,487.00
3/01/2005	6,487.00	-	-	6,487.00
6/01/2005	6,486.00	-	-	6,486.00
9/01/2005	6,486.00	-	-	6,486.00
12/01/2005	6,486.00	-	-	6,486.00
3/01/2006	6,486.00	-	-	6,486.00
6/01/2006	6,486.00	-	-	6,486.00
9/01/2006	6,486.00	-	-	6,486.00
12/01/2006	6,486.00	-	-	6,486.00
3/01/2007	6,486.00	-	-	6,486.00
6/01/2007	6,486.00	-	-	6,486.00
9/01/2007	6,486.00	-	-	6,486.00

Boone Raleigh PSD

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/2007	6,486.00	-	-	6,486.00
3/01/2008	6,486.00	-	-	6,486.00
6/01/2008	6,486.00	-	-	6,486.00
9/01/2008	6,486.00	-	-	6,486.00
12/01/2008	6,486.00	-	-	6,486.00
3/01/2009	6,486.00	-	-	6,486.00
6/01/2009	6,486.00	-	-	6,486.00
9/01/2009	6,486.00	-	-	6,486.00
12/01/2009	6,486.00	-	-	6,486.00
3/01/2010	6,486.00	-	-	6,486.00
6/01/2010	6,486.00	-	-	6,486.00
9/01/2010	6,486.00	-	-	6,486.00
12/01/2010	6,486.00	-	-	6,486.00
3/01/2011	6,486.00	-	-	6,486.00
6/01/2011	6,486.00	-	-	6,486.00
9/01/2011	6,486.00	-	-	6,486.00
12/01/2011	6,486.00	-	-	6,486.00
3/01/2012	6,486.00	-	-	6,486.00
6/01/2012	6,486.00	-	-	6,486.00
9/01/2012	6,486.00	-	-	6,486.00
12/01/2012	6,486.00	-	-	6,486.00
3/01/2013	6,486.00	-	-	6,486.00
6/01/2013	6,486.00	-	-	6,486.00
9/01/2013	6,486.00	-	-	6,486.00
12/01/2013	6,486.00	-	-	6,486.00
3/01/2014	6,486.00	-	-	6,486.00
6/01/2014	6,486.00	-	-	6,486.00
9/01/2014	6,486.00	-	-	6,486.00
12/01/2014	6,486.00	-	-	6,486.00
3/01/2015	6,486.00	-	-	6,486.00
6/01/2015	6,486.00	-	-	6,486.00
TOTAL	518,919.00	-	-	518,919.00

YIELD STATISTICS

Accrued Interest from 06/01/1995 to 06/01/1995	-
Average Life	10.125 YEARS
Bond Years	5,253.86
Average Coupon	-
Bond Yield for Arbitrage Purposes	-
True Interest Cost (TIC)	-
Effective Interest Cost (EIC)	-

Rec

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
617 Broad Street
Charleston, WV 25301-1218

Gaston Caperton
Governor
John M. Ranson
Cabinet Secretary

David C. Callaghan
Director
Ann A. Spaner
Deputy Director

June 23, 1994

Mr. Francis R. Snock, Chief
Grants Management Section (3PM71)
US Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Boone-Raleigh PSD
C-540306-02

Dear Mr. Snock:

Transmitted are the Part B documents for Contracts 1, 2 and 3 for the above referenced project. The State approves the bidding procedures and the request for grant increase in the amount of $165,820 reflecting a revised federal grant of $3,195,990, based on total eligible project costs of $5,810,900.

Should you have any questions, please contact Rosalie Brodersen at 558-0637 (or TDD 558-2751).

Sincerely,

OFFICE OF WATER RESOURCES

Rosalie Brodersen

Mike Johnson, P.E.
Assistant Chief
Construction Assistance

MJ/cga

Enclosures

cc: Boone-Raleigh PSD
Ghosh Engineers, Inc.
Mr. Bernie Yonkosky, WDA

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
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Ann A. Spaner
Deputy Director

June 14, 1994

Mr. Earl S. Howell, Chairman
Boone-Raleigh Public Service District
P.O. Box 245
Sylvester, West Virginia 25193

RE: Boone-Raleigh PSD
C-540306-02

Dear Mr. Howell:

You are hereby advised that the bidding procedures for Contracts 1, 2, and 3 have been reviewed and approved. You will be notified when the contracts may be awarded to the low, responsive bidders, Rover Construction, Incorporated, Mendon Pipeline, Incorporated, and Breckenridge Corporation.

As the revised eligible project cost is $5,810,930, the grant has been increased to an amount not to exceed $3,195,990. The grant increase will be made under separate cover.

Certain construction activities have been assigned to our Engineering Branch. You will be contacted by a representative of this section in the near future.

Should you have any questions, please contact Carrie Grimm or David Carovillano at (304) 558-0637 or TDD 558-2751.

Sincerely,

OFFICE OF WATER RESOURCES

Mike Johnson

Mike Johnson, P. E.
Assistant Chief
Construction Assistance Program

MJ/cgw

cc: Ghosh Engineers, Inc. ✓
Smith, Cochran & Hicks

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

CERTIFIED MAIL

SEP 27 1989

RE: C-540306-02
Boone-Raleigh Public
Service District

Mr. Earl S. Howell, Chairman
Boone-Raleigh Public Service District
P. O. Box 245
Sylvester, West Virginia 25193

Dear Mr. Howell:

We are pleased to inform you of the award of a Step II/III Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed $2,707,650, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Federal Regulations are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mrs. Catherine A. Mastropieri, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

for Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Bernie Yonkosky, WDA
Ghosh Engineers

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/~~AMENDMENT~~
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-5403( )2-0	Three - C
3. DATE OF AWARD: SEP 20 1989	4. MAILING DATE: SEP 27 1989

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement	X	Send Payment Request To: WV DNR Construction Grants Branch	Continuation
Assistance Amendment			

8. RECIPIENT	9. PAYEE
Boone-Raleigh Public Service District P. O. Box 245 Sylvester, West Virginia 25193	Boone-Raleigh Public Service District P. O. Box 245 Sylvester, West Virginia 25193

EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE
	3rd	Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
Mr. Earl S. Howell, Chairman (304) 854-0584	Ghosh Engineers, Incorporated 511 Central Avenue Charleston, West Virginia 25302 (304) 343-5300

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Chuck Fogg, Chief Municipal Wastewater Projects Section (215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins (202)382-5184		N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
Clean Water Act, Title II	40 CFR 31, 35	a. Treatment Level	3
		b. Project Type	NEW
		c. Treatment Process	C
		d. Sludge Design	8

22. PROJECT TITLE AND DESCRIPTION
Design and Construction of a wastewater collection system. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Areas Impacted by Project)

City/Place	County	State	Congressional District
Boone-Raleigh	Boone	WV	3rd

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/89 - 07/93	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,915	N/A	4,923,000

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		2,707,650	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		4,923,000	

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GVAW80	89	68X0103.M	W89011	9GVA036006	41.11	$2,707,650

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, B, C, and D, all of which are obsolete.

PART II–APPROVED BUDGET

ASSISTANCE IDENTIFICATION NO. C-540306-02-0

TABLE A – OBJECT CLASS CATEGORY *(Non–construction)*	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL *(Share: Recipient_____%. Federal_____%)*	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE B – PROGRAM ELEMENT CLASSIFICATION *(Non–construction)*	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL *(Share: Recipient_____%. Federal_____%)*	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE C – PROGRAM ELEMENT CLASSIFICATION *(Construction)*	Basic (55%)
1. ADMINISTRATION EXPENSE	19,568
2. PRELIMINARY EXPENSE	
3. LAND STRUCTURES, RIGHT–OF–WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	153,230
5. OTHER ARCHITECTURAL ENGINEERING FEES	75,595
6. PROJECT INSPECTION FEES	159,284
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	3,909,610
12. EQUIPMENT	
13. ~~MISCELLANEOUS~~ Design Allowance	214,759
14. TOTAL *(Lines 1 thru 13)*	
15. ESTIMATED INCOME *(If applicable)*	
16. NET PROJECT AMOUNT *(Line 14 minus 15)*	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	390,954
19. TOTAL *(Share: Recipient 45 %. Federal 55 %)*	4,923,000
20. TOTAL APPROVED ASSISTANCE AMOUNT	$ 2,707,650

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, [illegible] and (2) any special conditions set forth in this assistance agreement or any assistance amendment [illegible].

b SPECIAL CONDITIONS

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. The grantee is subject to all the requirements of 40 CFR Part 31, Part 35 I, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

"1. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a special condition. The grantee is expected to take all appropriate actions to ensure that this schedule is maintained.

In the event that the project is delayed for reasons beyond the control of the grantee, this schedule may be revised. If the delay arises from mismanagement and could otherwise have been avoided, the schedule will not be revised, in which case EPA will be compelled to determine if ineligible incremental costs have been incurred as a result.

a. Project Initiation (40 CFR 35.2212)

Construction will be initiated on the following schedule. Failure of the grantee to initiate construction of all major contracts within 12 months of the award of this grant will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

Design Start (NTP)	12/89
Plans and Specification Approval	03/91
Bid Advertisement	04/91
Construction Contract Award	07/91
Construction Start (NTP)	07/91

b. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final Plan of Operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payment milestones.

Final Plan of Operation Approval	02/92
Operation and Maintenance Manual Approval	02/92

c. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The Sewer Use Ordinance must be adopted, and the User Charge System implemented, before the system is placed in operation. The following dates represent an estimate of the timing of those actions.

Sewer Use Ordinance Adoption	03/91
User Charge System Implementation	03/92

d. Notice of Building Completion (40 CFR 35.2216)

The grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule. The following dates represent an estimate of the timing of those actions.

Grantee's Request to State for Final Physical Inspection	07/92
Preliminary Final Payment Request to the State	07/92

e. Project Performance (40 CFR 35.2218)

Federal regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee therefore agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	07/92
Project Performance Certification	07/93
Final Payment Request	07/93

2. Federal Grant Payments

a. Payments shall not be made for Step 3 architectural/engineering services or construction until the grantee complies with the procurement requirements of 40 CFR Part 31.36, Subpart C. A copy of the proposed subagreements and contracts shall be submitted to the WV Department of Natural Resources for review and pre-award approval, except that for certain contracts less than $25,000, the provisions of 40 CFR Part 31.36 (d) apply. The proposed subagreement and contract cost or price data, as appropriate, shall be submitted on EPA Form 5700-41 or on a form which contains similar information.

b. Payments shall be made on a reimbursement basis in accordance with 40 CFR 35.2300.

3. Project Changes

For any changes in the project which affect the grant amount, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal assistance amendment from the Regional Administrator.

4. Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the WV Department of Natural Resources and have approved the following:

a. A draft plan of operation (40 CFR 35.2106);

b. Final design drawings and specifications (refer to 40 CFR 35.2040 (b)(5)).

5. MBE/WBE Reporting

The grantee agrees to submit to the WV Department of Natural Resources two (2) copies of a completed Standard Form 334 upon award of contract(s)/subagreement(s). This Form 334 will contain the information on subagreement awards to minority and women's businesses during the design phase of the project. The recipient agrees to submit to the WV Department of Natural Resources two (2) copies of a completed Standard Form 334 at the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

6. Flood Insurance

The grantee agrees to acquire and maintain at its own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended, before the treatment works is placed in operation. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

7. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or allowability of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving Official.

8. Agreement on Eligible Items

The grantee and the Environmental Protection Agency agree, pursuant to Section 203(a)(2) of the Clean Water Act, that only those items specified in the project description (scope) portion of the approved Facilities Plan, dated September 1989 are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs).

9. Lobbying

The grantee agrees that no portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 USC 1913 or section 607(a) of Public Law 96-74.

10. Acquisition of Eligible Land

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

11. Sites, Easements and Rights-of-Way

The grantee shall submit an acceptable legal opinion that the necessary sites and easements and/or rights-of-way have been obtained and that they are free of any restrictions or encumbrances that might restrict their use for the purpose intended. Said opinion shall be submitted to the WV Department of Natural Resources no later than the time at which the grantee requests approval to award construction contracts.

12. EPA's National Municipal Policy

Nothing in this Grant Agreement shall be construed to excuse the grantee from meeting the requirements of the National Municipal Policy and the enforceable requirements of the Clean Water Act, as amended.

The schedule for completion of this project will be revised as needed to correspond to any schedule approved in the context of an enforcement action.

13. Subagreements and Contracts

(a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 31.

(b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 31. The submittal of the proposed subagreements and contracts shall include the procurement records required in 40 CFR Part 31.

(c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

14. Public Participation

Additional public participation is required to inform prospective users of the expected costs and rates. The grantee shall submit to the DNR project officer, within 2 months, a plan/schedule for conducting the additional public participation.

15. Archaeological Survey

A Phase I archaeological survey and report is to be completed and submitted to DNR within three months of the grant award prior to initiating design of the wastewater treatment facilities."

ASSISTANCE IDENTIFICATION NO. C-540306-02-0

b. SPECIAL CONDITIONS *(Continued)*

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

assistance/~~amendment~~ to the Boone-Raleigh Public Service District
(RECIPIENT ORGANIZATION)

for 55 % of all approved costs incurred up to and not exceeding $ 2,707,650
(ASSISTANCE AMOUNT)

for the support of approved budget period effort described in application *(including all application modifications)*
C-540306-02 Boone-Raleigh Public Service District included herein by reference.
(DATE AND TITLE)

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM71) 841 Chestnut Building Philadelphia, Pennsylvania 19107	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Edwin B. Erickson	Edwin B. Erickson, Regional Administrator	SEP 20 1989

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
Earl S. Howell	Earl S. Howell, Chairman	Oct. 10, 1989

RESOLUTION CONSENTING TO THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT'S CONSTRUCTION AND ACQUISITION OF A WASTEWATER COLLECTION AND TREATMENT SYSTEM WITH THE TOWN OF WHITESVILLE'S MUNICIPAL BOUNDARIES AND PLEDGING THE SMALL CITIES BLOCK GRANT TO THE CONSTRUCTION OF SAID SYSTEM

WHEREAS, the Town of Whitesville (the "Town") located in Boone County, West Virginia, currently owns certain wastewater collection lines; and,

WHEREAS, said lines are in disrepair and do not provide adequate or environmentally sound wastewater collection and treatment; and,

WHEREAS, the Boone-Raleigh Public Service District (the "District") has been created to provide a regional wastewater collection and treatment system (the "Project") which system will include the Town and will serve the citizens of the Town; and,

WHEREAS, the Town has received a Small Cities Block Grant which it intends to apply to the Project; and,

WHEREAS, Section 8, Article 13A, Chapter 16 of the Code of West Virginia, 1931, as amended, provides that any public service district acquiring and constructing a wastewater system with municipal boundaries must receive the consent of the affected municipality; and,

WHEREAS, it is in the best interest of the health, welfare and safety of the citizens of Whitesville for the Town to consent to the Boone-Raleigh Public Service District's Project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF WHITESVILLE, BOONE COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. The Town of Whitesville hereby consents to the Boone-Raleigh Public Service District's acquisition and construction of

the Project and to the District's providing service within the Town.

2. The Town of Whitesville recognizes that the Small Cities Block Grant proceeds will be used to pay cost of the project.

3. The Town of Whitesville shall review all documents, bills and any other voucher pertaining to this Grant before issuing payment for said voucher.

4. This Resolution shall take effect immediately upon adoption.

Dated this 14 day of July, 1994.

THE TOWN OF WHITESVILLE, BOONE COUNTY, WEST VIRGINIA

(SEAL)

By: Fred V Harbour Jr
Its: Mayor

Mary K. Armstrong
Recorder

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

June 26, 1991

The Honorable Bill R. Howell
Mayor
Town of Whitesville
Post Office Box 475
Whitesville, West Virginia 25029

Dear Mayor Howell:

On September 30, 1990, the Town of Whitesville was awarded a Small Cities Block Grant in the amount of $750,000 for the construction of the Boone/Raleigh Sewage project.

In order to most effectively utilize the limited dollars available, $250,000 was committed from our FY 1990 Small Cities allocation with an additional commitment to evaluate your progress and provide the remaining $500,000 from our future funding.

I am pleased to announce my approval of the remaining $500,000 to allow for the completion of your project. My Community Development staff will be contacting you to assist you in completing the changes necessary to amend your contract.

If you have any questions, please do not hesitate to contact Robert G. Kuhl of my Community Development Division at 348-4010.

Sincerely,

Gaston Caperton

Gaston Caperton
Governor

GC:bks

cc: Region III

JUL - 3 1991

STATE OF WEST VIRGINIA

GOVERNOR'S OFFICE

OF

COMMUNITY AND INDUSTRIAL DEVELOPMENT

Charleston, West Virginia 25305

GASTON CAPERTON
GOVERNOR

November 9, 1990

The Honorable William R. Howell
Mayor
Town of Whitesville
Post Office Box 475
Whitesville, West Virginia 25029

Dear Mayor Howell:

Congratulations on Governor Caperton's recent Small Cities Block Grant award to the Town of Whitesville for the Boone/Raleigh Sewage project. As the Community Development Representative for Boone County, I will be your point of contact regarding Small Cities Block Grant program guidelines, rules, and regulations.

Enclosed with this correspondence is:

(1) a State/Local Contract between the Governor's Office of Community and Industrial Development and the Town of Whitesville. This Contract outlines the conditions under which the Fiscal Year 1990 SCBG program must be implemented.

(2) a checklist for complying with the Rehabilitation Act of 1973. This outline details the steps necessary for the Town of Whitesville to ensure that it is in compliance with Section 504 which requires nondiscrimination in federally assisted programs and activities on the basis of the physically and mentally handicapped. Failure to be in compliance will result in a monitoring finding and appropriate sanctions.

Once the Town Council and legal counsel have reviewed the contract, the Town Council must pass a formal resolution accepting the conditions of the contract and authorizing your signature on the last page. We will be unable to process a grant agreement until a signed contract and resolution are returned to us.

Now is the appropriate time to assess your environmental review process. If the proposed activities are located in a floodplain area, have you completed the eight step decision making process? This process requires the publication of two notices. Have you received review clearance from the West Virginia Historic Preservation office? Remember that you may not obligate any Small Cities Block Grant dollars for a non-exempt activity prior to receiving environmental clearance from this office.

I would like to meet with you to answer any questions you may have concerning the State/Local Contract and provide you with technical assistance and operational guides to assist you in the implementation and administration of your program. This meeting will take place on November 27, 1990, at 1:00 p.m., in the Memorial Building.

I look forward to working with you on this worthwhile project. Please have your administrator and any other personnel who will participate in the implementation of your SCBG program at this meeting.

In the meantime, if you should have any questions, please contact me at 348-4010.

Sincerely,

Robert G. Kuhl

Robert G. Kuhl
Community Development
Representative

RGK:cs

Enclosures

cc: Region III

Boone County Commission
200 State Street
Madison, WV 25130

Phone 304-369-3925

J.M. "MICKEY" PROTAN

GENE KUHN

GORDON EVERSOLE

August 12, 1991

Mr. Sterling J. Miller, Chairman
Boone-Raleigh Public Service District
P. O. Box 245
Sylvester, WV 25193

RE: Boone-Raleigh PSD Sewage Project

Dear Mr. Miller:

The Boone County Commission supports the efforts of the Boone Raleigh Public Service District to construct a public sewage system for its residents. On June 4, 1990, the County Commission gave a grant in the amount of $50,000 to the Boone Raleigh PSD earmarked for use toward that Project.

The Boone County Commission, during its Regular Session held this day, has also committed the following, contingent upon award of EPA, HUD/CDBG, and WDA funding for which applications have been made by Boone Raleigh PSD, and in accordance with drawdown procedures as outlined in the enclosed Order:

$75,000 to be made available for drawdown during Fiscal Year ending June 30, 1992; and

$375,000 to be made available for drawdown for actual construction costs after all other sources of funding for construction have been depleted.

We look forward to a successful project that will improve the quality of life for residents in the Boone Raleigh PSD area.

Very truly yours,

J. M. "Mickey" Protan, President

Gene Kuhn, Commissioner

Gordon Eversole, Commissioner

Enclosure

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 12th day of August, 1991, the following ORDER was made and entered:

SUBJECT: BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWAGE PROJECT

The following motion was offered by Commissioner J. M. "Mickey" Pretan:

Having, on the 4th day of June, 1990, given a grant in the amount of $50,000 to Boone-Raleigh Public Service District earmarked for use toward the above-referenced project, funding for which project is committed by combined sources including the Environmental Protection Agency (EPA), the Department of Housing and Urban Development (HUD), and the West Virginia Water Development Authority (WDA); that, contingent upon the award of funding by the aforementioned, the Boone County Commission hereby commit $450,000 toward that project in accordance with the following:

Drawdowns:

Monies committed by the said County Commission are to be drawn down in accordance with the following procedures:

1. Boone-Raleigh Public Service District will assume full responsibility to certify that requests for drawdowns from the Boone County Commission comply with all Federal, State and local laws and funding requirements applicable to the said Project.

2. Boone-Raleigh Public Service District will submit its written request for drawdown, including copies of invoices to be paid, to the Boone County Commission. Such requests for drawdown shall be approved by the Project Grants Administrator (if one exists) prior to submittal to the County Commission.

3. After receipt of a request for drawdown, upon review of the request and finding that all applicable requirements have been satisfied, the Boone County Commission will, at its earliest convenience during a Regular Session, cause to be written a check in the appropriate amount to the Boone-Raleigh Public Service District earmarked for the Sewage Project.

Breakdown of Committed Funds:

1. $75,000 to be made available for drawdown during the Fiscal Year ending June 30, 1992.

2. $375,000 to be made available for drawdown for actual construction costs after all other sources of funding have been depleted.

Further, that a letter of commitment of the above-stated funds toward the said Sewage Project be sent to Boone-Raleigh Public Service District, including therein an outline of the procedure and conditions.

The adoption of the foregoing motion, having been made by J. M. "Mickey" Pretan, Commissioner, and duly seconded by Gordon Eversole, Commissioner, the vote thereon was as follows:

J. M. "Mickey" Pretan, President ..... AYE

Gene Kuhn, Commissioner ..... AYE

Gordon Eversole, Commissioner ..... AYE

Whereupon, J. M. "Mickey" Pretan, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

J. M. "Mickey" Pretan, President

Gene Kuhn, Commissioner

Gordon Eversole, Commissioner

STATE OF WEST VIRGINIA, BOONE COUNTY, CLERK'S OFFICE, TO-WIT:

I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do certify that the foregoing is a true and correct copy from the records of said Commission as the same appears therein.

Commissioners Record Book No. 62 Page no. 587-588

Given under my hand and official seal, at Madison, West Virginia, this 24th day of January, 1994.

Teste: Ed Cooke, Clerk

By: Brenda L. Hill, Deputy

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 4th day of June, 1990, the following ORDER was made and entered:

SUBJECT: GRANT TO BOONE-RALEIGH PUBLIC SERVICE DISTRICT FOR PROPOSED SEWER PROJECT

The following motion was offered by Commissioner J. M. "Mickey" Pretan:

That the Boone County Commission give a grant in the amount of $50,000.00 to Boone-Raleigh Public Service District earmarked for use toward the proposed Sewage Project in that PSD; and that the said Boone-Raleigh PSD be required to submit quarterly reports to the Boone County Commission as to the expenditure of the grant and the progress of the Project.

The adoption of the foregoing motion, having been made by J. M "Mickey" Pretan, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

Susie Rogers, President ..... AYE

J. M. "Mickey" Pretan, Commissioner ..... AYE

Gene Kuhn, Commissioner ..... AYE

Whereupon, Susie Rogers, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Susie Rogers
Susie Rogers, President

J. M. "Mickey" Pretan
J. M. "Mickey" Pretan, Commissioner

Gene Kuhn
Gene Kuhn, Commissioner

STATE OF WEST VIRGINIA, BOONE COUNTY, CLERK'S OFFICE, TO-WIT:

I, Ed Corke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of said County Commission, as the same appears therein.

Commissioners Record Book no. 59 Page no. 662

Given under my hand and official seal, at Madison, West Virginia, this 24th day of January, 1994.

Teste: Ed Corke, Clerk

By: Brenda L. Hill, Deputy

January 13. 1994
MINUTES OF REGULAR BOARD MEETING

The regular meeting of the Boone Raleigh PSD was held on Thursday, January 13. 1994. at the office. The meeting was called to order by Chairman Earl Howell at 2:00 PM. Persons present were: Earl Howell. Chairman. Sterling J. Miller. Treasurer: Betty Smith. Secretary: Dan Branham. Clerk: Cline Larch. Whitesville Water Manager: Paul Ghosh and Bill Cunningham. Ghosh Engineers.

Miller made a motion to elect Earl Howell as Chairman. Betty Smith as Secretary and S.J Miller as Treasurer/Assistant Chairman. Motion seconded by Betty Smith. Carried.

A motion was made by Smith. seconded by Miller. to accept the minutes. Carried.

A motion was made by Miller. seconded by Smith. to accept the financial report. Carried.

A motion was made by Smith to accept the time sheets. Seconded by Miller. Carried.

Smith made a motion to pay all bills. Seconded by Miller. Carried.

Correspondence was discussed and filed.

The main line extension into the community of Keith was discussed and the board asked Mr. Ghosh to contact FmHA and request that they advise us to the necessary proceedure as to requesting funding for this project.

A motion was made by Smith to pay ASI the annual fee of $550 for software backup services for 1994. Seconded by Miller. Carried.

A motion was made by Miller to purchase 150 water conservation color books for distribution to children at a cost of approximately $110. Seconded by Smith. Carried.

Ghosh and Cunningham discussed the progress of the sewer bidding process and that Feb 15. 1994 has been set as the bid opening date at the Salamy Community Building in Whitesville.

Meeting adjourned at 4:00 PM.

Earl Howell
Chairman

Betty L. Smith
Secretary

MINUTES.113

$1,543,981 BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 A

BOND RESOLUTION
(WDA)

$1,543,981 BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 A

BOND RESOLUTION

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BOONE-RALEIGH PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT FACILITIES FOR BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,543,981 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1994 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, or any other agency of the State that succeeds to the functions of the Authority.

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

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or

any other authority vested with and authorized to exercise the powers of the Issuer.

"Bondholders" "Holder of the Bonds," "Holder," "Registered Owner," "Owner" 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 Register" means the books of the Issuer, as hereinafter defined, maintained by the Bond Registrar, as hereinafter defined for the registration and transfer of the Bond.

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

"Bonds" means the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A, originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Bond Year" means the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

"Boone County Commission Grant" means the grant from the Boone County Commission in the amount of $575,000.

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

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

"Closing Date" means the date upon which there is an exchange of the Bond for a portion of the proceeds representing the purchase of the Bond by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Construction Trust Fund" means the Series 1994 A Bond Construction Trust Fund established by Section 4.01 hereof.

"Consulting Engineers" means Ghosh Engineers, Inc., Charleston, West Virginia, or any independent engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewer systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03F hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" means the West Virginia Division of Environmental Protection

"Depository Bank" means a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined which Depository Bank shall be named in the Supplemental Resolution, and any successor thereto.

"EPA Grant" means the grant from the Environmental Protection Agency in the amount of $3,195,990.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bond are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

"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 now or may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the Grants or any of the Other Grants, as hereinafter defined, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant, "HUD Grant Agreement" means only the Grant Agreement relating to the HUD Grant and "Boone County Commission Grant Agreement" means only the Grant Agreement relating to the Boone County Commission Grant.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant to pay Costs of the Project; provided that "EPA Grant Receipts" means only the Grant Receipts on account of the EPA Grant, "HUD Grant Receipts" means only the Grant Receipts on account of the HUD Grant and "Boone County Commission Grant Receipts" means only the Grant Receipts on account of the Boone County Commission Grant.

"Grants" means, collectively, the EPA Grant, the HUD Grant, the Boone County Commission Grant or any other Grant received by the Issuer to pay costs of the Project.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bond, excluding original proceeds which become transferred proceeds (determined in accordance with applicable

Regulations) of obligations issued to refund the Bond in whole or in part;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund the Bond in whole or in part;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Bonds as original proceeds of the Bond and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Bond, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bond by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bond; and

(viii) Amounts received as a result of investing amounts described in this definition.

"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, or any Tap Fees, as hereinafter defined.

"HUD Grant" means the grant from the Department of Housing and Urban Development Small Cities Block Grant in the amount of $750,000 for the Town of Whitesville which has been contributed by the Town of Whitesville for the Project.

"Independent Certified Public Accountants" means any certified public accountant or firm of 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" means 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" or "District" means the Boone-Raleigh Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the Bond.

"Net Proceeds" means the face amount of the Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. 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 Bond, 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 of the Bond and is not acquired in order to carry out the governmental purpose of the Bond.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System,

as hereinafter defined 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 of Project, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, other than those capitalized as part of the Costs of Project, 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 Bond, 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 shall mean the not more than $1,543,981 in aggregate principal amount of Sewer Revenue Bond, Series 1994 A issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds and 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 IX hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 6.07 hereof.

"Paying Agent" means the Commission.

"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 revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds issued by the Authority or any successor to said program as currently constituted.

"Project" means the acquisition and construction of a wastewater collection and treatment facility by the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

"Purchase Price," for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "Issue Price" in Sections 1273(b) and 1274 of the Code and, in general, means the initial offering price of the Bond to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Bond is privately placed, the price paid by the first buyer of the Bond or the acquisition costs of the first buyer. Purchase Price for purposes of computing Yield of Nonpurpose Investments means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Bond for acquisition thereof or, if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bond.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 92-0488-PSD-CN which was entered on April 29, 1993, and which became the Final Order of the PSC on May 19, 1993, and any amendments thereto.

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

(a) Government Obligations;

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

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

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

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

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

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

(h) Advance-Refunded Municipal Bonds.

"Rebate Fund" means the fund created pursuant to Section 7.03 hereof.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01.

"Reserve Account" means the Series 1994 A Bond Reserve Account established in the Series 1994 A Bond Sinking Fund pursuant to Section 4.02.

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

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established by Section 4.01.

"Series 1994 B Bond" means the bond issued simultaneously wit the Original Bonds by the Issuer to evidence the loan among the DEP, Authority and the Issuer in the amount of $518,919.

"Series 1994 B Bond Resolution" means the resolution of the Issuer adopted simultaneously herewith authorizing the Series 1994 B Bond.

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

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

"Series 1994 B Bond" means the bond issued simultaneously wit the Original Bonds by the Issuer to evidence the loan among the DEP, Authority and the Issuer in the amount of $518,919.

"Series 1994 B Bond Resolution" means the resolution of the Issuer adopted simultaneously herewith authorizing the Series 1994 B Bond.

"Sinking Fund" means Series 1994 A Bonds Sinking Fund established by Section 4.02.

"State" means the State of West Virginia.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Bond or any other obligations of the Issuer, including but not limited to the Renewal and Replacement Fund, the Reserve Accounts and Sinking Funds, the proceeds of which Bond or other obligations are to be used to pay Costs of the Project.

"System" means the complete sewerage system of the Issuer, and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bond, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bond, all computed as prescribed in applicable Regulations.

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

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

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

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

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

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

A. The Issuer is a public corporation and political subdivision of the State in Boone County, West Virginia.

B. The Issuer does not presently own or operate a public sewerage system. Service is currently provided to certain customers of the Towns of Whitesville and Sylvester. The Issuer proposes to acquire and construct a regional wastewater system which will connect the Whitesville and Sylvester systems. The Towns of Whitesville and Sylvester have consented to the Project or will consent to the Project prior to the connection of the customers.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed a complete sewerage collection and treatment system for the Issuer, consisting of the Project which includes the construction and acquisition as described in Exhibit A attached hereto at an estimated cost of $6,569,390, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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 the System, the principal of and interest on the Bond, the Series 1994 B Bond and all sinking fund, reserve account and other payments provided for herein, in the Series 1994 B Bond Resolution and in the PSC Order.

E. The estimated maximum cost of the construction and acquisition of the Project is $6,569,390, of which approximately $1,543,981 will be permanently obtained from the Bond herein authorized, $518,919 will be permanently obtained from the Series 1994 B Bond, $3,195,990 will be obtained from the EPA Grant, $750,000 will be obtained from the HUD Grant contributed by the Town of Whitesville and $575,000 will be obtained from the Boone County Commission Grant. The Issuer may obtain such other grants and contributions or from other sources as may be necessary to pay Costs of the Project.

F. It is deemed necessary for the Issuer to issue its revenue bonds in the aggregate principal amount of not more than $1,543,981, in one or more series, being the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A, to permanently finance the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; capitalized interest on the Bond during the construction period for six months thereafter; amounts which may be deposited in the Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues and 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bond and such other expenses as may be necessary or incidental to the financing herein authorized and the placing of the 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 Bond or the repayment

of indebtedness, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

H. It is in the best interests of the Issuer that the Bond be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of any Bonds, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which expired or the rights of all parties to appeal have been waived.

J. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

K. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

L. The Bonds will not be federally guaranteed within the meaning of the Code.

M. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within two years from the date of issuance.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owners of the same from time to time, this Resolution 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 benefit, protection and security of the Registered Owners of any and all of such Bonds.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body.

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

ARTICLE III

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

Section 3.01. Authorization of Series 1994 A Bond. For the purposes of paying a portion of the Costs of the Project, funding a reserve account for the Bond, capitalizing interest on the Bond, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer in an aggregate principal amount of not more than $1,543,981. Said Bond shall be issued in one series, to be designated "Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A," in the aggregate principal amount of not more than $1,543,981 and shall have such terms as are set forth hereinafter or in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Construction Trust Fund established by Section 4.01 hereof.

Section 3.02. Terms of Bond. The Bond 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 the Supplemental Resolution. The Bond 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 Bond 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 Bond shall be issued initially in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, and shall mature in principal installments, all as provided in this Resolution. The Bond shall be exchangeable at the option and expense of the Holder for one or more series of fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, substantially corresponding to the dates of payment of principal installments of said Bond; provided that the net interest cost amount on the exchanged bonds shall not exceed the net interest cost of the original bond; further 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 the Supplemental Resolution and shall bear interest from such date.

Section 3.03. Additional Terms of Bond. In addition to the terms set forth in Sections 3.01 and 3.02 hereof and in anticipation of the sale of the Bond to the Authority, the Issuer covenants that the Bond shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority authorizing the issuance of Bond pursuant to the Program.

Section 3.04. Execution of Bond. The Bond 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 the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond 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 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. 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 the Bond issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner in accepting said Bond shall be conclusively deemed to have agreed that such Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner 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 Bond remains Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bond.

The Bond 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 the Bonds or transferring the Bond is exercised, the Bond shall be delivered in accordance with the provisions of this Resolution. The Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Bond, 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 obligated to make any such exchange or transfer of the Bond during the period commencing on the fifteenth day of the month preceding an interest payment date on the Bond or, in the case of any proposed redemption of the Bond, next preceding the date of the selection of the Bond to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. 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 proof of its ownership thereof and 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. The Bond 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 3.08. Bond not to be Indebtedness of the Issuer. The Bond 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 the Bond shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bond or the interest thereon. The Issuer has no taxing powers.

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity as to lien and source of payment with the Series 1994 B Bond. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Series 1994 B Bond and to make the payments into the Sinking Fund, the Reserve Account therein and the Renewal and Replacement Fund hereinafter established and to make the payments required by the Series 1994 B Bond Resolution, and are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.10. Form of Bond. The text of the Bond, and any replacement 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 Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 A

No. AR-1 $1,543,981

KNOW ALL MEN BY THESE PRESENTS: That BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone 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 One Million, Five Hundred Forty Three Thousand, Nine Hundred Eighty-One Dollars ($1,543,981), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B provided that interest shall accrue only on the amounts advanced herewith.

The interest on such advances shall run from the date of such advances and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1994. 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 Whitesville State Bank, Whitesville, 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 20, 1994.

The Bond is issued in the original principal amount of $1,543,981 (i) to pay a portion of the costs of acquisition and construction of a wastewater collection and treatment system of the Issuer (the "Project"); (ii) to pay interest on this Bond during the construction of the Project and for approximately six months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and a Bond Resolution and Supplemental Resolution (the "Resolution") duly adopted by the Issuer on July 13, 1994, and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1994 B, ISSUED SIMULTANEOUSLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $518,919 (THE "SERIES 1994 B BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien of the Series 1994 B Bond, moneys in the Reserve Account created under the Resolution for the Bonds (the "Reserve Account") and unexpended proceeds of the Bond (the "Bond Proceeds"). 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 in 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 provision or limitation, 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 Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 required in any year for debt service on the Bonds, the Series 1994 B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any Bonds, provided however, that so long as the Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bond in the then current or any succeeding year, and the reserve account for any other obligations outstanding on a parity with the Bonds, including the Series 1994 B Bond, is funded

at 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 Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bond are exclusively as provided in the Resolution, 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 Resolution, 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 provisions 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 Costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 Resolution, supplemental 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, BOONE-RALEIGH 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 20, 1994.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is described in the Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 20, 1994.

WHITESVILLE STATE BANK, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

Total $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bond; Ratification and Execution of Loan Agreement with Authority. The Bond 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 and the Secretary is directed to affix the seal of the Issuer thereto, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery of the Loan Agreement is hereby authorized, ratified and approved.

Section 3.12. "Amended Schedule A" Filing. Upon completion of the 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.

Section 3.13. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement 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 DEP and the Authority, the Project is adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of acquisition and construction of the Project.

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. To provide funds for the acquisition and construction of the Project and other funds are not available therefor, the Issuer is hereby authorized to arrange for a Line of Credit in an amount not to exceed $700,000. The amount and terms of the Line of Credit may be approved by a resolution supplemental hereto.

Section 4.02. Authorization of Credit Line Note. For the purpose of evidencing any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there may be issued the Credit Line Note of the Issuer in an amount and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note may be issued in single, fully registered form and dated as of the date of delivery thereof. There shall be attached to the Credit Line Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount if each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest, payable at such times and at a rate set forth in a supplemental resolution, but not to exceed the then legally permissible limit. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature not more than thirty (30) months from the date thereof. The Credit Line Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the foregoing, the terms of the Credit Line Note, other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of the Notes Registrar, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that any partial payment or principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments attached to the Credit Line Note, and the Credit Line Note shall be

returned to the Registered Owner. Interest on the Credit Line Note shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of said Notes Registrar; provided, that, at the option of the Registered Owner, such payment may be made by wire transfer or such other lawful method as shall be mutually agreeable.

Section 4.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Issuer by the signature of its Chairman, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Secretary. Any Credit Line Note may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Issuer, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the Notes Registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Notes Registrar which shall be kept for that purpose at the office of the Notes Registrar (and in such capacity as paying agent) by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Notes Registrar duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of the Credit Line Note, there shall be issued at the option of the Registered Owner or the transferee another Credit Line Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note not paid as reflected on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Credit Line Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance and the Supplemental Resolution. All Credit Line Notes surrendered in any such transfers shall forthwith be cancelled by the Notes Registrar. For every such transfer of Credit Line Notes, the Notes Registrar

may make a change sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Credit Line Note upon each transfer, and any other expenses of the Notes Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Notes Registrar shall not be obligated to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on the Credit Line Notes or after notice of any prepayment of the Credit Line Notes have been given.

Section 4.05. Form of Credit Line Note and Line of Credit Agreement. The text of the Credit Line Note and the Line of Credit Agreement shall be in substantially the form set forth in the Supplemental Resolution. The Line of Credit Agreement shall be executed on behalf of the Issuer by the Chairman. The Credit Line Note shall not become valid until manually authenticated and registered by the Notes Registrar.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 1994 A Bond Construction Trust Fund; and

(4) Rebate Fund.

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

(1) Series 1994 A Bonds Sinking Fund;

(a) Within the Series 1994 A Bond Sinking Fund, the Series 1994 A Bond Reserve Account.

(2) If the Series 1994 A Bond is exchanged for one or more bonds, Sinking Funds and Reserve Accounts are hereby authorized for each new bond or bonds.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, and simultaneously with the payments required by Section 5.03 of the Series 1994 B Bond Resolution, the Issuer shall next, on the first day of each month commencing seven months prior to the first date of payment of interest on the 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 Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Bond 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 Sinking Fund and the next semiannual interest payment date is less than seven months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month commencing 13 months prior to the first date of payment of principal on the Bonds and simultaneously with the payment required by Section 5.03 of the Series 1994 B Bond Resolution, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bond 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 Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month commencing 13 months prior to the first date of payment of principal of the Bonds and simultaneously with the payment required by Section 5.03 of the Series 1994 B Bond Resolution, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120 of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the 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 the 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 VII 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 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 by Subsection 4.03(A)(4), shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) If the Series 1994 A Bond is exchanged for one or more series of bonds containing a subordinate bond or bonds, the Issuer shall next make such principal, interest, if any, and reserve payments as are necessary to pay the principal and interest, if any, on such subordinate bonds.

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

All investment earnings on moneys in the Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited for use in the Earnings Fund as required by Section 7.03.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement therefor shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund or the Reserve Account including deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the Bond are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid into the 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 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 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 Resolution.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

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 Bond and any Parity Bonds 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 Excess Revenues. Excess 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 charges and the fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Account have not, as of such date, funded such account to the requirement therefor.

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 Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys advanced from time to time from the sale of the Series 1994 A Bond, the following amounts shall be deposited as set forth below:

A. Bond proceeds shall be deposited with the Commission and used to pay capitalized interest on the Bonds during the construction of the Project and for six months thereafter as provided in the Supplemental Resolution.

B. From the proceeds of the Bond, there shall be deposited with the Commission in the Reserve Account the sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

C. The remaining moneys derived from the sale of the Bond shall be deposited with the Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02 and to pay the cost of any Design Note or Notes outstanding to the Authority.

The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in this Resolution. Moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and, until so expended, are hereby pledged as additional security for the respective Bond.

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

Except as provided in Section 5.01 hereof, disbursements from the Construction Trust Fund (except for the costs of issuance of the Bond originally authorized hereby, which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Trust Fund to the Reserve Account and when the Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter apply such moneys in full, first to the next ensuing interest payment, if any, due on the Bond 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 Resolution 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 Bond. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bond, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bond, or the interest thereon is Outstanding and unpaid.

Section 7.02. Bond, not to be Indebtedness of the Issuer. The Bond shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of any Bond, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bond or the interest thereon. The Issuer has no taxing powers.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position. The payment of the debt service of the Bond issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity as to lien and source of payment with the Series 1994 B Bond. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Resolution and to make the payments required by the Series 1994 B Bond Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bond as the same become due, and for the other purposes provided in this Resolution and the Series 1994 B Bond Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The schedule of rates and charges for the services and facilities of the System shall be as set forth, described in and ordered by the PSC Order, which schedule is attached as Exhibit B hereto and incorporated herein by reference.

The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts created hereunder and in the

Series 1994 B Bond Resolution. 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.

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 or redeem at or prior to maturity all the Bonds and Series 1994 B Bond Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof and the Series 1994 B Bond Resolution. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Sinking Fund, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bond about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of the Bond and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of

approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of the Bond of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The 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 Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds (66 2/3%) 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 Bond 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. So long as any of the 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 Bond; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such 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 Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account 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 respective liens of the Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bond and the interest thereon in this Resolution, 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 Bond pursuant to this Resolution, 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 or improvements to the System or refunding 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 three 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 Bond and the Series 1994 B Bond 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 three 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 any increase in rates adopted by the Issuer and approved by the PSC, 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 and approved by the

PSC, 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 extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bond and the Holders of any Parity Bonds 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 respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this 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 liens of the Outstanding 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 Bond.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bond then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued pursuant to a Supplemental Resolution solely for the purpose of completing the Project as described in the application to the Authority and in accordance with the plans and specifications of the Consulting Engineer, in the event that the Bond should be insufficient, together with other funds lawfully available therefore, to pay all costs of construction and acquisition of the project 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 Bond and provided further that prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

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 Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed by the Uniform System of accounts promulgated by the PSC. 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 Bond, 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 Resolution with respect to said Bond and the status of all said funds and accounts.

(C) The amount of any Bond, Notes or other obligations outstanding and secured by a lien on the Net Revenues of the System.

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 the Bond and shall submit said report to the Authority, or any other original purchaser of the Bond. 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 Resolution.

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, including any reserves required by the PSC Order or any supplement or amendment thereto 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 Bond and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bond; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit in the Reserve Account and the reserve accounts for obligations on a parity with the Bond are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bond.

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 thirty days of the adoption thereof. 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 and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bond who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bond or anyone acting for and in behalf of such Holder of any Bond.

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 PSC and other laws of the State.

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 PSC, 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 PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the

restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. 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. Such charges shall be paid as they accrue and the issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance. The Issuer will carry such insurance, in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Bond. 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 interests may appear, in accordance with the Loan Agreement, during construction of the Project, in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and

business interruption insurance, to the extent available at reasonable cost to the Issuer.

Section 7.15. Connections. 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.

Section 7.16. Completion, Operation and Maintenance. The Issuer will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Resolution.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BOND. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. 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 Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bond as a 'private activity bond' within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bond.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Bond is 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.

D. 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 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

E. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax exempt status of the Bond, including without limitation the information return required under Section 149(e) of the Code.

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bond 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 those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Registered Owners 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, and shall take effect immediately upon delivery of the Bond and shall be for the benefit of all Registered Owners of the Bond. This lien is on a parity with the lien of the Series 1994 B Bond.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records relating thereto 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 intent on the Bond from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bond in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds so

that the Bond will not constitute an "arbitrage bond" under 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 Bond so that the interest on the Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the Bond, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Construction Trust Fund until completion of the Project, and thereafter to the Revenue Fund.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment

Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

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

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

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

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

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

Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

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

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

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

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 7.03, 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.

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

I. REPORTING TO AUTHORITY. The Issuer shall 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 relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Issuer agrees to amend the provisions of this Section from time to time at the direction of the Authority in order to insure continuing compliance with Section 8.02 hereof.

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 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bond set forth in this Resolution, 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, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

(3) If a default occurs under the Series 1994 B Bond Resolution; or

(4) 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 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 Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution 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 Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners shall be subject to those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the making and collection of sufficient rates and

charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Bonds any Registered Owner 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, or both, 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 revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the 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 Resolution 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 Resolution 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 Registered Owner 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, 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 Registered Owners 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 Resolution, 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 a Series of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of such Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

Bond 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, the principal installments of and interest on such Bond shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited 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 Bonds on and prior to the next redemption date or the maturity date 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 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 date 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 Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bond shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds (66-2/3%) percent or more in principal amount of the Bond 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 the Bond required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution 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 Bond and the Notes from the gross income of the Holders thereof.

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

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. All orders or resolutions and 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 13th day of July, 1994.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

Chairman, Public Service District

Member, Public Service District

Member, Public Service District

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Boone-Raleigh Public Service District on the 13th day of July, 1994.

Dated: July 20, 1994.

[SEAL]

Betty L. Smith
Secretary, Public Service District

ABB051C6

EXHIBIT A

DESCRIPTION OF PROJECT

The Boone-Raleigh Public Service District wastewater system improvements project will provide service to the Town of Sylvester, Town of Whitesville, Seng Creek, Elk Run Junction, Jenie, Coal Camp, Packs Branch, Branham Heights and Environs. Service will be provided by connecting the existing Whitesville and Sylvester wastewater collection systems to the regional system to be constructed. The new system will be comprised of 40,696 LF of gravity sewer mains, 249 manholes, 19,100 LF of force mains, 10 pumping stations, and 200,000 gpd wastewater treatment plant (Sequencing Batch Reactor), operations building and all necessary equipment.

EXHIBIT B

SCHEDULE OF RATES

ABB051C6

CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 2nd day of June, 1994.

CASE NO. 92-0486-PSD-CN (Reopened).

BOONE-RALEIGH PUBLIC SERVICE DISTRICT,
a public utility, Sylvester, Boone County.
Petition to reopen sewer certificate and for approval of revised financing and revised rates and charges incidental thereto.

NOTICE OF FILING

On October 2, 1992, Boone-Raleigh Public Service District, a public utility (District), Sylvester, Boone County, filed an application, duly verified, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system to treat sewage collected from the communities in Whitesville, Janis, Elk Run, Seng Creek, Peck's Branch, Sylvester, and Branham Heights, Boone County.

By a recommended decision entered on April 28, 1993, the application in question was approved, provided that the actual bids received by the District for the project did not exceed the estimated total project cost of $5,508,312. The recommended decision further approved the proposed financing for the project to be comprised of an EPA Grant in the amount of $2,707,952; a HUD Grant in the amount of $750,000; a Boone County Commission Grant in the amount of $500,000; and a loan from the West Virginia Water Development Authority in the amount of $1,550,862 for a term not to exceed 40 years and at an interest rate not to exceed 7.5%, provided that the actual bids for the proposed project did not exceed the aforesaid estimated total project cost of $5,508,312. The recommended decision also approved certain rates and charges for use upon completion of the project. The recommended decision became the final order of the Commission on May 18, 1993.

On May 12, 1994, the District filed a petition with the Commission seeking a reopening of this proceeding, indicating that the revised project cost is now $6,576,140, or an increase of $1,067,828 over the project cost approved by the Commission. The total costs of $915,508 and additional costs for land acquisition with regard to the treatment plant site and rights-of-way in the amount of $152,320. The District, in its May 12, 1994 petition requests authorization from the Commission for a total revised project cost of $6,576,140, to be funded as follows: A loan from the West Virginia Water Development Authority in the amount of $1,543,981, to be financed over a period of 40 years at an interest rate of 6.75%; a loan from the State Revolving Fund administered through the West Virginia Division of Commerce, Labor and Environmental Resources, Division of Environmental Protection, in the amount of $518,919, to be financed over a period of 20 years at an interest rate of 0%; a grant from the United States Environmental Protection Agency in the amount of $3,188,240; a HUD Small Cities Block Grant in the amount of $750,000; and a grant from the Boone County Commission in the amount of $575,000, which grant reflects an increase of $75,000 from the original grant amount.

In addition, the District requests approval of the following revised rates and charges for implementation after completion of the project:

Applicable in Sylvester, Elk Run, Seng Creek and Janis
Availability of Service
Available for general domestic, commercial and industrial service.
Metered Rate
$6.00 per 1,000 gallons used per month
Minimum Charge
No bill will be rendered for less than $20.40 per month
Well User Charge
$20.40 per month

Applicable in Town of Whitesville
Non-Metered Rates
$30.60 for customers whose water bill is $12.50
$33.72 for customers whose water bill is $13.50-$15.50
$61.22 for customers whose water bill is $17.50-$25.00
$91.83 for customers whose water bill is $27.50-$53.50
$177.54 for customers whose water bill is $78.50-$83.50
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.

The District, in its reopening petition, is also requesting that the total loan in the amount of $1,543,981 to be obtained through the West Virginia Water Development Authority be acquired through two (2) bond closings, one in the amount of $1,443,981 and a second loan in the amount of $100,000 for completion bonds for this project.

Since the revised total project costs as well as the revised financing and rates and charges for the project in question exceed the approved limits granted by the Commission previously, IT IS ORDERED that Boone-Raleigh Public Service District, a public utility, be, and it hereby is, required to give notice of the filing of its reopened petition, and of the revised project costs, financing and rates incidental thereto, by publishing a copy of this order once in each newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone

$518,919 BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 B

BOND RESOLUTION
(SRF)

$518,919 BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 B

BOND RESOLUTION

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BOONE-RALEIGH PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT FACILITIES OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $518,919 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Authority" means the West Virginia Water Development Authority, is expected to be the original purchaser of the Bond, or any other agency of the State that succeeds to the functions of the Authority.

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

"Bank" means the bank to be set forth in a resolution supplemental hereto.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

"Bondholders" "Holder of the Bonds," "Holder," "Registered Owner," "Owner" 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 Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

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

"Bond" means the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Bond Year" means the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

"Boone County Commission Grant" means the grant from the Boone County Commission in the amount of $575,000.

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

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

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

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Construction Trust Fund" means the Series 1994 B Bond Construction Trust Fund established by Section 5.01.

"Consulting Engineers" means Ghosh Engineers, Inc., Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.04I hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 1994 B Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994.

"Depository Bank" means a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, which Depository Bank shall be named in the Supplemental Resolution, and any successor thereto.

"EPA Grant" means the grant from the Environmental Protection Agency in the amount of $3,195,990.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of

this definition of Excess Investment Earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

"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 is now or may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the Grants or any of the Other Grants, as hereinafter defined, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant, "HUD Grant Agreement" means only the Grant Agreement relating to the HUD Grant and "Boone County Commission Grant Agreement" means only the Grant Agreement relating to the Boone County Commission Grant.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant to pay Costs of the Project; provided that "EPA Grant Receipts" means only the Grant Receipts on account of the EPA Grant, "HUD Grant Receipts" means only the Grant Receipts on account of the HUD Grant and "Boone County Commission Grant Receipts" means only the Grant Receipts on account of the Boone County Commission Grant.

"Grants" means, collectively, the EPA Grant, the HUD Grant, the Boone County Commission Grant or any other Grant received by the Issuer to pay costs of the Project.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Bonds, which are held in any fund to the extent that the Issuer reasonably

expects to se such other fund to pay Debt Service;

(v) Amounts in the Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"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), or any Tap Fees, as hereinafter defined.

"HUD Grant" means the grant from the Department of Housing and Urban Development in the amount of $750,000 for the Town of Whitesville which has been contributed by the Town of Whitesville for the Project.

"Independent Certified Public Accountants" means any certified public accountant or firm of 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" means 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" or "District" means the Boone-Raleigh Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means the Water Pollution Control Revolving Fund Loan Agreement dated April 19, 1994, as amended, by and among the Authority, the DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority which is attached as Exhibit B hereto and incorporated herein by reference.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. 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 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 of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined 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 of Project, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, other than those capitalized as part of the Costs of Project, 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 Bond" or "Bond originally authorized hereby" or similar phrases shall mean the not more than $518,919 in aggregate principal amount of Sewer Revenue Bond, Series 1994 B issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds and 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 hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof.

"Paying Agent" means the Commission.

"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" shall mean the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by the DEP.

"Project" means the acquisition and construction of a wastewater collection and treatment facility by the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the recommended decision of the PSC in Case No. 92-0488-PSD-CN which was entered by the Administrative Law Judge on April 29, 1993, and which became the final Commission order on May 19, 1993, and any amendments thereto.

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

(a) Government Obligations;

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

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

(d) Time accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either mst mature as nearly as practicable coincident with the maturity of said time account or mst be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

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

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

(h) Advance-Refunded Municipal Bonds.

"Rebate Fund" means the fund created pursuant to Section 8.03 hereof.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01(3).

"Reserve Account" means the account in the Sinking Fund, as hereafter defined, created by Section 5.02(1)(a) hereof.

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

"Resolution" shall mean this Resolution, as from time to time amended or supplemented.

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

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

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

"Series 1994 A Bond" means the bond issued simultaneously with the Original Bond by the Issuer to evidence the loan among the Authority and the Issuer in the amount of $1,543,981.

"Series 1994 A Bond Resolution" means the resolution of the Issuer adopted simultaneously herewith authorizing the Series 1994 A Bond.

"Sinking Fund" means the Sinking Fund established by Section 5.02(1) hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Bonds; provided, that any matter intended by this Resolution to be

included in the Supplemental Resolution with respect the Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Resolution to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including but not limited to the Renewal and Replacement Fund, the Reserve Account and Sinking Fund, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto, both within and without the boundaries of the District.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

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

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

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

Section 1.03. Resolution 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 Resolution 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 benefit, protection and security of the Registered Owners of any and all such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Boone County, West Virginia.

B. The Issuer does not presently own or operate a public sewerage system. Sewer service is currently provided to certain customers of the Towns of Whitesville and Sylvester. The Issuer proposes to acquire and construct a regional wastewater system which will connect the Whitesville and Sylvester systems. The Towns of Whitesville and Sylvester have consented to the Project or will consent to the Project prior to the connection of the customers.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed a complete sewerage collection and treatment system for the Issuer, consisting of the Project which includes the construction and acquisition as described in Exhibit A attached hereto at an estimated cost of $6,569,390, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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 the System, the principal of and interest on the Bond and the Series 1994 A Bond and all sinking fund, reserve account and other payments provided for herein in the Series 1994 A Bond Resolution and in the PSC Order.

E. The estimated maximum cost of the construction and acquisition of the Project is $6,569,390, of which approximately $518,919 will be permanently obtained from the Bond herein authorized, $1,543,981 will be permanently obtained from the Series 1994 A Bond, $3,195,990 will be obtained from the EPA Grant, $750,000 will be obtained from the HUD Grant contributed by the Town of Whitesville and $575,000 will be obtained from the Boone County Commission Grant. The Issuer may obtain such other grants and contributions or from other sources as may be necessary to pay Costs of the Project.

F. It is deemed necessary and desirable for the health and welfare of the inhabitants of the District that there be constructed certain improvements and extensions to the existing System of the District, consisting of the Project, at an estimated cost of $6,583,450, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

G. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds and all sinking fund, reserve account and other payments provided for herein, in the Supplemental Resolution and in the PSC Order.

H. The estimated maximum cost of the construction and acquisition of the Project is $6,569,390, of which $518,919 will be permanently obtained from the Bonds herein authorized, $3,195,990 from an EPA Grant, $750,000 from a HUD Grant, $575,000 from a Boone County Commission Grant and $1,543,981 from the Series 1994 A Bond. The District may obtain such grants and contributions from other sources as may be necessary to pay Costs.

I. It is deemed necessary for the Issuer to issue its sewerage revenue bonds in the aggregate principal amount of not more than $518,919, in one or more series, being the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Original Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; amounts which may be deposited in the Reserve Account; engineering, fiscal agents and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority or DEP and any defaulted interest thereon, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the 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 Original Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

J. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

K. It is in the best interests of the Issuer that the Bond be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

L. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the construction, acquisition and operation of the Project and the System and the issuance of the Bonds, or will have so complied prior to issuance of any Bonds, including, among other things and without limitation, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired prior to the date hereof.

M. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

N. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

O. The Bonds will not be federally guaranteed within the meaning of the Code.

P. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within two years from the date of issuance.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

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

ARTICLE III

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

Section 3.01. Authorization of Series 1994 A Bond. For the purposes of paying the costs, not otherwise provided, of the construction and acquisition of the Project, funding a reserve account for the Bonds, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer in an aggregate principal amount of not more than $518,919. Said Bond shall be issued as one bond to be designated "Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B". The Original Bond shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount as shall be set out in Schedule X to the Loan Agreement and the Supplemental Resolution. The Original Bond shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Original Bond shall be as set forth on Schedule Y to the Loan Agreement. The Original Bond shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and the Loan Agreement and as the Governing Board of the Issuer shall prescribe by resolution (or by supplemental or amendatory Resolution of said Governing Board as said Governing Board shall determine) adopted in connection with the sale of such Original Bond.

The Bond shall be payable as to principal at the principal 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 Bond shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bond shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder

for other fully registered Bond in aggregate principal amount equal to the amount of said Bond then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of bonds may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bond shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. [Reserved]

Section 3.03. Additional Terms of Bond. In addition to the terms set forth in Section 3.01 hereof and in anticipation of the sale of the Bond to the Authority, the District covenants that the Bond shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority and/or DEP.

Section 3.04. Execution of Bond. The Bond 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 Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. 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 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, 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, shall keep and maintain books for the registration and transfer of the Bond.

The Bond 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 the Bond or transferring the Bond is exercised, the Bond shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bond, 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 obligated to make any such exchange or transfer of the Bond during the period commencing on the fifteenth day of the month preceding an interest payment date on the Bond or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of the Bond to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. 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 proof of its ownership thereof and 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.

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

Section 3.08. Bond not to be Indebtedness of the Issuer. The Bond 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 Owners of any of the Bond shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bond or the interest thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on all the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity as to lien and source of payment with the Series 1994 A Bond. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Series 1994 B Bond and to make the payments into the Sinking Funds, the Reserve Accounts therein and in the Renewal and Replacement Fund hereinafter established and to make the payments requested by the Series 1994 A Bond Resolution, and are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.10. Form of Original Bond. The text of the Original Bond 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 1994 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 B

No. BR-1 $518,919

KNOW ALL MEN BY THESE PRESENTS: That BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone 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 Five Hundred Eighteen Thousand Nine Hundred Nineteen Dollars ($518,919), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning December 1, 1995, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate of zero percent (0%) per annum as set forth on said Exhibit B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Whitesville State Bank, Whitesville, 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 the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994 (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated April 19, 1994, among the Authority, the DEP and the Issuer.

This Bond is issued in the aggregate principal amount of $518,919 (i) to pay a portion of the costs of acquisition and construction of a wastewater collection and treatment system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 13th day of July, 1994, and a Supplemental Resolution adopted by the Issuer on the 13th day of July, 1994 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1994 A, ISSUED SIMULTANEOUSLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,543,981 (THE "SERIES 1994 A BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien on the Series 1994 A Bond, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bond (the "Bond Proceeds"). 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on said Bond in the then current year or any succeeding year and the reserve account for any other obligations outstanding on a parity with the Bonds, including the Series 1994 A Bond, is funded at 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, 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 described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 Resolution, 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, BOONE-RALEIGH 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 20, 1994.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 20, 1994

WHITESVILLE STATE BANK, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

Total $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Form of Assignment

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Original Bonds; Ratification and Execution of Loan Agreement with Authority and DEP. The 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 and the Secretary is directed to affix the seal of the Issuer thereto, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery of the Loan Agreement is hereby authorized, ratified and approved.

Section 3.12. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement 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 DEP and the Authority, the Project is adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of acquisition and construction of the Project.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Series 1994 B Bonds Bond Construction Trust Fund; and

(2) Rebate Fund.

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

(1) Series 1994 B Bonds Sinking Fund;

(a) Within the Series 1994 B Bonds Sinking Fund, the Series 1994 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund created under the Series 1994 A Bond Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided. As long as the Series 1994 A Bonds are Outstanding, the Issuer shall make the payments required by Section 5.03 of the Series 1994 A Bond Resolution and simultaneously make the payments set forth hereinafter.

(1) The Issuer shall, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall first, on the first day of each month simultaneously with the payment required by Section 5.03 of the Series 1994 A Bond Resolution, commencing 4 months prior to the first date of payment of principal on the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Bonds Sinking Fund and the next quarterly

principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

The Issuer shall complete the "Monthly Payment Form," the form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its remittance check to the Authority by the 5th day of such calendar month.

(3) The Issuer shall next transfer from the Revenue Fund and pay to the Commission the amounts required on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Bonds and simultaneously with the payment by Section 5.03 of the Series 1994 A Bond Resolution, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account, an amount equal to 1/120 of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, 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 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 Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, to the Sinking Fund.

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

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

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 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 Resolution.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the Issuer.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission

or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority and the DEP shall require, the Issuer's allocable share of reasonable administrative expenses of the Authority relating to the Program, if any.

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

F. 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.

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

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

Section 5.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Original Bonds not required by the Project in the Reserve Account.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS, FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond Proceeds. From the moneys advanced from time to time 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. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Issuer as received from time to time in the Bond Construction Trust Fund established in Section 5.01(4) hereof.

B. The Depository Bank shall act as a trustee and fiduciary for the Bondholders 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 this Resolution. 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 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. 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 shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) A certificate, signed by the Chairman 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 disbursements theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds as if they were set forth in full in this Resolution. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the owners 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 nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Owners 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. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity as to lien and source of payment with the Series 1994 A Bond. The revenues derived from the System, in an amount sufficient to pay the principal of the Bond herein authorized and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Resolution and to make the payments required by the Series 1994 A Bond Resolution 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 this Resolution and the Series 1994 A Bond Resolution.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be 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 and in the Series 1994 A Bond Resolution. 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. 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 (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and is funded at least at the requirement provided for in the Resolution, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds.

The Issuer hereby adopts the rates and charges set forth in the PSC Order and attached hereto as Exhibit C and incorporated herein by reference.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Resolution.

Upon completion of the Project, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. 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 or redeem at or prior to maturity all the Bond and Series 1994 A Bond Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof and the Series 1994 A Bond Resolution. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the

appropriate Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or 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, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions

of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the 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 Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.08 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and prior, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such prior obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such prior 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 respective liens of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

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

Section 7.08. Parity Bonds. A. No Parity Bonds payable out of the Net Revenues of the System may be issued without the prior written consent of the Authority and DEP. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or

refunding the entirety of one or more issues or series of bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by Independent 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, from the System during any twelve (12) consecutive months within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) The Bond and the Series 1994 A Bond 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 three (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 any increase in rates enacted by the Issuer, the time for appeal of which shall have 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 additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have 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 acquisition or construction of such extensions,

additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

All the covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Original Bonds and the owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Resolution required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this 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 Outstanding 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 Bonds.

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

B. Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

With the written consent in advance of the Authority and DEP and anything to the contrary in this Section 7.08 notwithstanding, Parity Bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the

Project as described in the Issuer's Program application to the Authority and DEP in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.09. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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

Section 7.10. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP 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. Such resident engineer shall certify to the Authority, the DEP and the Issuer 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. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement, and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer 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 Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (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. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and

installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the Loan Agreement or Grant Receipts or other sources of financing for the Project.

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

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as the Council shall direct.

The Issuer shall file with the Consulting Engineers and the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues, Excess 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

Resolution with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds, or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Resolution, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

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

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

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

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

Section 7.16. Operating Budget. 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 and the DEP within thirty days of the adoption thereof. 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 and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets 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 7.17. Mandatory Connection. The mandatory use of the sewerage facilities portion of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the 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 in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Bonds 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 nits.

D. 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.

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludible from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Bondholders, 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, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bond. This lien is on a parity with the lien of the Series 1994 A Bond.

Section 7.20. Compliance. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

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

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 Resolution, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01 and in Sections 8.02 and 8.03.

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

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

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the Bonds other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Construction Trust Fund until completion of the Project, and thereafter to the Revenue Fund.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bonds, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause (A)(i) of the definition of Excess Investment Earnings, the aggregate amount earned on

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

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

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

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

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

D. PAYMENT TO THE UNTIED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close if the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States 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 by this Subsection D, 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 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.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis

and the Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

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

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the 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.

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

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority and DEP, 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 relating thereto as may be requested by the Authority or DEP.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Issuer agrees to amend the provisions of this Section from time to time at the direction of the Authority in order to insure continuing compliance with Section 8.02 hereof.

Section 8.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

Section 8.05. Wetlands Covenant. The Issuer shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply

with this covenant shall constitute an Event of Default under Section 9.01(2) of this Resolution.

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 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, 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, the Construction Trust Fund Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

(3) If a default occurs under the Series 1994 A Bond Resolution; or

(4) 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 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 Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution 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 Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners shall be subject to those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act,

including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Resolution other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the 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 Resolution 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 Resolution 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 Registered Owner 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, 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 Registered Owners 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 Resolution, 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. The provisions of this section shall be subject to the Prior Resolutions and to the parity rights of the Prior Bonds.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds percent (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 revenues of the System without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any 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 excludibility of interest on the Bonds and the Notes from the gross income of the Owners thereof.

Section 11.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Registered Owners of the Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution 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 and 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. All orders or resolutions and 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 13th day of July, 1994.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

ABB06263

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Boone-Raleigh Public Service District on the 13th day of July, 1994.

Dated: July 20, 1994.

[SEAL]

Betty L. Smith
Secretary, Public Service Board

EXHIBIT A

DESCRIPTION OF PROJECT

The Boone-Raleigh Public Service District wastewater system improvements project will provide service to the Town of Sylvester, Town of Whitesville, Seng Creek, Elk Run Junction, Jenie, Coal Camp, Packs Branch, Branham Heights and Environs. Service will be provided by connecting the existing Whitesville and Sylvester wastewater collection systems to the regional system to be constructed. The new system will be comprised of 40,696 LF of gravity sewer mains, 249 manholes, 19,100 LF of force mains, 10 pumping stations, and 200,000 gpd wastewater treatment plant (Sequencing Batch Reactor), operations building and all necessary equipment.

EXHIBIT B

LOAN AGREEMENT

[See Tab 6(b)]

EXHIBIT C

SCHEDULE OF RATES

ABB06263

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 2nd day of June, 1994.

CASE NO. 92-0488-PSD-CN (Reopened).

BOONE-RALEIGH PUBLIC SERVICE DISTRICT,
a public utility, Sylvester, Boone County.
Petition to reopen sewer certificate and for approval of revised financing and revised rates and charges incidental thereto.

NOTICE OF FILING

On October 2, 1992, Boone-Raleigh Public Service District, a public utility (District), Sylvester, Boone County, filed an application, duly verified, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system to treat sewage collected from the communities in Whitesville, Jamie, Elk Run, Bang Creek, Pauk's Branch, Sylvester, and Branham Heights, Boone County.

By a recommended decision entered on April 28, 1993, the application in question was approved, provided that the actual bids received by the District for the project did not exceed the estimated total project cost of $5,508,312. The recommended decision further approved the proposed financing for the project to be comprised of an EPA Grant in the amount of $2,707,680; a HUD Grant in the amount of $750,000; a Boone County Commission Grant in the amount of $500,000; and a loan from the West Virginia Water Development Authority in the amount of $1,550,632 for a term not to exceed 40 years and at an interest rate not to exceed 7.5%, provided that the actual bids for the proposed project did not exceed the aforesaid estimated total project cost of $5,508,312. The recommended decision also approved certain rates and charges for use upon completion of the project. The recommended decision became the final order of the Commission on May 18, 1993.

On May 12, 1994, the District filed a petition with the Commission seeking a reopening of this proceeding, indicating that the revised project cost is now $6,575,140, or an increase of $1,067,828 over the project cost approved by the Commission. The total costs of $915,808 are additional costs for land acquisition with regard to the treatment plant site and rights-of-way in the amount of $152,020. The District, in its May 12, 1994 petition requests authorization from the Commission for a total revised project cost of $6,575,140, to be funded as follows: A loan from the West Virginia Water Development Authority in the amount of $1,543,981, to be financed over a period of 40 years at an interest rate of 5.75%; a loan from the State Revolving Fund administered through the West Virginia Division of Commerce, Labor and Environmental Resources, Division of Environmental Protection, in the amount of $518,919, to be financed over a period of 20 years at an interest rate of 0%; a grant from the United States Environmental Protection Agency in the amount of $3,188,240; a HUD Small Cities Block Grant in the amount of $750,000; and a grant from the Boone County Commission in the amount of $575,000, which grant reflects an increase of $75,000 from the original grant amount.

In addition, the District requests approval of the following revised rates and charges for implementation after completion of the project:

Applicable in Sylvester, Elk Run, Bang Creek, and Jamie
Availability of Service
Available for general domestic, commercial and industrial service.
Metered Rate
$6.00 per 1,000 gallons used per month
Minimum Charge
No bill will be rendered for less than $20.40 per month
Well User Charge
$20.40 per month

Applicable in Town of Whitesville
Non-Metered Rates
$30.60 for customers whose water bill is $12.50
$53.72 for customers whose water bill is $13.50-$16.50
$61.22 for customers whose water bill is $17.50-$25.00
$91.83 for customers whose water bill is $27.50-$53.50
$177.54 for customers whose water bill is $78.50-$83.50

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.

The District, in its reopening petition, is also requesting that the total loan in the amount of $1,543,981 to be obtained through the West Virginia Water Development Authority be acquired through two (2) bond closings, one in the amount of $1,443,981 and a second loan in the amount of $100,000 for completion bonds for this project.

Since the revised total project costs as well as the revised financing and rates and charges for the project in question exceed the approved limits granted by the Commission previously, IT IS ORDERED that Boone-Raleigh Public Service District, a public utility, be, and it hereby is, required to give notice of the filing of its reopened petition, and of the revised project costs, financing and rates incidental thereto, by publishing a copy of this order once in each newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 A AND THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 B, DESIGNATING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of the Boone-Raleigh Public Service District (the "District") has duly and officially adopted Bond Resolutions on July 13, 1994 (the "Resolutions"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT FOR BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,543,981 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $518,919 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, A DIVISION OF THE WEST VIRGINIA BUREAU OF

ENVIRONMENT AS OF JULY 1, 1994, RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolutions provide for the issuance of the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A (the "Series A Bond") and the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B (the "Series B Bond") (collectively, the "Bonds") in aggregate principal amount not to exceed $1,543,981 and $518,919, respectively, in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement entered into between the District and the West Virginia Water Development Authority (the "Authority") for the Series A Bond and the terms of the Loan Agreement entered into between the District, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994, for the Series B Bond (collectively, the "Loan Agreements"), but requires that the dates, interest rates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements;

WHEREAS, the Public Service Board (the "Board") of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the Bonds be fixed hereby in the manner stated herein; that the Loan Agreements be approved; and that other matters relating to the Bonds be herein provided for; and

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolutions.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolutions, the Act, and this Supplemental Resolution, the Bonds shall be in the aggregate principal amount of $1,543,981 and $518,919, respectively, with the following provisions:

(A) The Series A Bond shall be originally issued in the form of a single bond, numbered AR-1 in the principal amount not to exceed $1,543,981. The Series A Bond shall be dated the date of delivery thereof, shall bear interest at the rate of six and seventy-five hundredths percent (6.75%) from the date of delivery, payable semiannually on April 1 and October 1 of each

year commencing October 1, 1994, shall be subject to redemption upon the written consent of the Authority, upon payment of principal, interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Series A Bond, and shall be payable in installments of principal on October 1 of each of the years 1996 through 2033, inclusive, and in the amounts set forth on Schedule X attached to the Loan Agreement and incorporated therein by reference. The Authority is granted the right to exchange the Bond for one or more series of bonds as provided in the Bond Resolution as long as the aggregate principal amount and the net interest cost amount does not exceed $1,543,981 and 6.75%, respectively and having in the aggregate substantially similar principal installments.

(B) The Series B Bond shall be originally issued in the form of a single bond, numbered BR-1 in the principal amount of $518,919. The Series B Bond shall be dated the date of delivery thereof, shall bear interest at the rate of zero percent (0%) from the date of delivery. Principal is payable quarterly on March 1, June 1, September 1 and December 1 of each of the years, 1995 through 2015, inclusive and in the amounts set forth on Schedule X attached to the Loan Agreement and incorporated therein by reference, commencing December 1, 1995. The Series B Bond shall be subject to redemption upon the written consent of the Authority, upon payment of principal, interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority or DEP shall be the registered owner of the Series B Bond.

(C) The Bonds shall be executed by Chairman or Vice Chairman of the Board of the District by his manual signature and attested by the Secretary of the Board of the District by his manual signature and the seal of the District shall be impressed thereon. The seal impressed upon this Resolution is hereby adopted as the official seal of the District. The Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreements at a price equal to 100% of the principal amount thereof. The Chairman or Vice Chairman and the Secretary are hereby authorized to authenticate and deliver replacement Bonds, if any, to the Authority as provided in the Bond Resolution.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolutions, and the Bonds shall be in substantially the form provided in the Resolutions with such changes, insertions and omissions as may be approved by the Chairman or Vice Chairman of the District. The execution of the Bonds by the Chairman or Vice Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreements including the "Schedule X" attached thereto, copies of which are incorporated herein by reference, and

the execution and delivery by the Chairman or Vice Chairman of the Loan Agreements and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed.

Section 4. The District hereby appoints and designates Whitesville State Bank, Whitesville, West Virginia, as the Depository Bank, as provided in the Resolutions.

Section 5. The District hereby appoints and designates Whitesville State Bank, Whitesville, West Virginia, as Registrar for the Bonds.

Section 6. The District hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bonds.

Section 7. The Chairman or Vice Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Resolutions approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about July 20, 1994.

Section 8. Series A Bond proceeds in the amount of $130,273, or such lesser amount as is necessary to pay interest for fifteen months, shall be deposited in the Series 1994 A Sinking Fund, as capitalized interest.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 10. The District hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolutions in Qualified Investments further directed by the District.

Section 11. The District shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as a "private activity bond" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 12. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: July 13, 1994

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

Chairman

[SEAL]

Secretary

ABB05180

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, Betty L. Smith, Secretary of the Public Service Board of Boone-Raleigh Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board which meeting was recessed with notice to July 13, 1994:

The Public Service Board of Boone-Raleigh Public Service District met in recommended session, pursuant to notice duly given and posted on the 13th day of July, 1994, at the District's office in Sylvester, West Virginia, at 6:00 p.m., prevailing time.

Present: Earl S. Howell - Chairman and Member, Public Service Board;

Betty L. Smith - Secretary and Member, Public Service Board;

Sterling J. Miller - Treasurer and Member, Public Service Board;

Also present were Samme L. Gee of Jackson & Kelly, Bond Counsel, H. Wyatt Hanna, III, Counsel to the District, Pulak Ghosh of Ghosh Engineers, Inc., Don Branham, District Manager, Todd Dingess, District Accountant and Robert Milam of Whitesville State Bank.

Earl S. Howell, Chairman, presided and Betty L. Smith, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. The Chairman presented the Open Meeting Resolution which resolution was unanimously adopted.

Thereupon, the Chairman presented a Bond Resolution for the Series A Bond in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT FACILITIES FOR BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,543,981 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1994 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Miller, seconded by Ms. Smith, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon, the Chairman presented a Bond Resolution for the Series B Bond in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN WASTEWATER COLLECTION AND TREATMENT FACILITIES FOR THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $518,919 IN AGGREGATE PRINCIPAL AMOUNT OF BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BOND; RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Ms. Smith, seconded by Mr. Miller, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon, the Chairman presented a Supplemental Bond Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 A AND THE BOONE-RALEIGH PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 1994 B, DESIGNATING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Miller, seconded by Ms. Smith, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

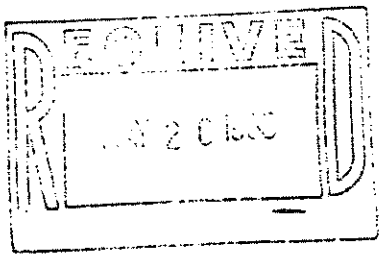
I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 20th day of July, 1994.

[SEAL]

Betty L. Smith
Secretary, Public Service Board

ABB06479



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5/19/93

Entered: April 29, 1993

CASE NO. 92-0488-PSD-CN

BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public utility, Sylvester, Boone County.

Application for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system within the boundaries of the District in Boone County, and for approval of financing and rates and charges incidental thereto.

RECOMMENDED DECISION

PROCEDURE

On October 2, 1992, Boone-Raleigh Public Service District (District), a public utility, Sylvester, Boone County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system within the boundaries of the District in Boone County, for approval of financing for the project and for approval of rates and charges incidental to the provision of such service.

On October 5, 1992, the Commission directed the District to publish the Notice of Filing. On October 26, 1992, the District filed an affidavit of publication indicating that the Notice of Filing had been published on October 14, 1992, in the Coal Valley News, a newspaper published and of general circulation in Boone County, West Virginia.

On October 15, 1992, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges (ALJ Division) and requiring the ALJ Division to render a recommended decision on or before April 30, 1993. Pursuant thereto, on October 26, 1992, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in the processing and resolution of this matter, including a February 10, 1993 hearing date. On December 8, 1992, the ALJ issued a Procedural Order Changing Hearing Date and Requiring Publication, thereby rescheduling this matter to be heard on February 9, 1993, and directing the District to publish a Notice of Hearing. In all other respects, the October 26, 1992 Procedural Order remained unchanged and in full force and effect.

On December 14, 1992, the District, by counsel, H. Wyatt Hanna, III, Esquire, filed a Motion for Extension of Time (Motion), thereby asserting that the instant proceeding would require extensive exchange of

information between the District and Commission Staff and, for this reason, requested that the deadline established in the October 26, 1992 Procedural Order for the District to file its prepared direct testimony be extended from December 23, 1992, until January 15, 1993. Pursuant thereto, on December 23, 1993, the ALJ issued a Procedural Order granting the Motion. It is noted that said Motion also included some suggestions for extending the deadlines for other parties to file testimony; however, the ALJ only extended the District's deadline as indicated, since Commission Staff may file its testimony and exhibits at any time during the course of this proceeding as indicated by a general Memorandum, dated April 24, 1991, from the Commission, pertaining to the internal administration of cases referred to the Division of Administrative Law Judges. Due to the time constraints imposed upon the ALJ by the Commission Referral Order issued on October 15, 1992, the ALJ left all other aspects of the October 26, 1992 Procedural Order intact.

On February 5, 1993, the District filed another affidavit of publication, indicating that the Notice of Hearing had been published as directed in the aforesaid Coal Valley News on January 20, 1993 and January 27, 1993, thereby giving proper notice of the February 9, 1993 hearing.

On February 9, 1993, the hearing was held as scheduled before the ALJ. The District appeared by counsel, H. Wyatt Hanna, Esquire; Commission Staff appeared by counsel, Meyishi P. Blair, Esquire; and four Protestants appeared in person, pro se.

The District presented the testimony of two witnesses and presented one exhibit. Commission Staff presented the testimony of two witnesses and presented two exhibits. Two of the Protestants, Bobby Joe Sprouse and Gwinn Aboytes, also presented their testimony. The parties waived their rights, at the conclusion of the hearing, to file proposed orders containing findings of fact and conclusions of law, or briefs, in this proceeding, pursuant to Code §24-1-9(b).

EVIDENCE

The first witness to testify was Utility Engineer David A. Hippchen, Public Service District Division, who testified on behalf of Commission Staff. He sponsored Staff Exhibit No. 1, the Final Staff Internal Memorandum, dated January 27, 1993, from Mr. Hippchen. He described the proposed sewer system as comprising a new wastewater treatment plant, utilizing the sequencing batch reactor (SBR) process, to treat sewage collected from the communities of Whitesville, Janie, Elk Run, Seng Creek, Pack's Branch, Sylvester and Branham Heights, in Boone County. He stated that the sewer collection system will consist of a conventional gravity system, with ten lift stations, and will serve approximately 698 customers. He indicated that two existing sewage collection systems will be utilized and incorporated into the District's system. He explained that these two existing systems only served the communities of Sylvester and Whitesville, and that no treatment currently is being provided by either community for the treatment of sewage collected by these systems. (Tr., pp. 8-12).

Mr. Hippchen estimated the construction costs to total $4,418,726, since bids had not been received. He estimated that such overhead items as engineering and legal services would add another $1,089,586 to the project cost, thereby making the total estimated project cost approximately $5,508,312. He opined that these projected costs were reasonable for a project this size. He stated that the proposed operations budget was $87,900, which amount he also opined was reasonable. (Tr., pp. 12-13).

Mr. Hippchen explained that the operation of the proposed system was not labor intensive, since the collection system is a gravity type system and since the treatment plant is partially automatic. He opined that the design of the proposed system represented the least cost alternative when reviewed in a present worth analysis. He observed that the proposed flat rates were based upon estimated water usage since most of the proposed customers do not have a metered water supply. (Tr., pp. 14-17).

Mr. Hippchen opined that the proposed project is necessary due to the fact that two densely populated communities have sewage collection systems which discharge directly into a river. He also noted that many of the families in the other communities to be served have failing septic tanks and/or direct sewage discharge into streams. He opined that the proposed system also satisfied the public convenience since the Staff-recommended rates are reasonable and are consistent with rates of other newly constructed systems. He cautioned, however, that, if the actual bids should exceed the projected costs, Staff would like to reserve the right to further review the convenience and necessity of the project. Subject to this one reservation, he recommended approval of the project. (Tr., pp. 18-20).

Mr. Hippchen explained the difference between a vacuum system and the proposed gravity system with lift stations. He opined that the proposed system was cheaper to build and cheaper to operate than a vacuum system. Mr. Hippchen stated that several options or alternatives had been considered in the design of the proposed system, and he opined that the best design had been chosen. (Tr., pp. 20-36).

Mr. Hippchen acknowledged that a flat rate was not desirable, but was the only option in an area where most of the customers do not have a metered water supply. He acknowledged that, with the Staff-recommended estimated average rate, small households would be subsidizing larger households. He explained, however, that the Staff-recommended rates were not just one flat rate, but that there was one flat rate for customers with a well, another flat rate for residents of Whitesville, and four flat rates for commercial customers in Whitesville. (Tr., pp. 36-47).

The next witness to testify on behalf of Commission Staff was Utility Financial Analyst William A. Nelson, Public Service District Division. He sponsored Staff Exhibit No. 2, the Final Staff Internal Memorandum, dated January 26, 1993, from Mr. Nelson. He stated that the District proposed to finance the project through a grant from the United States Environmental Protection Agency (EPA) in the amount of $2,707,650; a grant from the United States Department of Housing and Urban Development (HUD) in the amount of $750,000; and a grant from the Boone County Commission in the

amount of $500,000. The balance, in the amount of $1,550,662, will be borrowed from the West Virginia Water Development Authority (WDA), over a period of 40 years, with an interest rate of 7.5%. He stated that the annual debt requirement would be $128,500, with an annual debt reserve of $12,436 and an annual renewal and replacement reserve of $5,593. He indicated that all of the required confirmations for all of the funding had been received. (Tr., pp. 51-56).

Mr. Nelson testified that approximately 698 customers would be served by the system. He stated that the Staff-recommended rates would produce $239,720 in annual revenues. He indicated that the residential rates were based on a rate of $6.41 per 1,000 gallons of water usage, with the flat rates calculated pursuant to an average usage factor. He indicated that an average monthly usage of 4,500 gallons was the basis for customers with a public water supply, or a flat rate of $28.85 per month. He indicated that for well users, a usage of 3,000 gallons per month was the basis for a flat rate of $19.23. He indicated that there were some metered customers, who would pay $6.41 per 1,000 gallons usage, with a $19.23 minimum charge. (Tr., pp. 51-61). He acknowledged that these rates were in the high range, but he opined that they were not excessive. (Tr., pp. 61-62).

Mr. Nelson opined that the Staff-recommended rates would generate a cash flow surplus of $10,951, thereby providing a 123.62% debt service coverage. He indicated that the bonding agencies required at least a 115% coverage. He recommended approval of the application, approval of the Staff-recommended rates and approval of the financing of the project. (Tr., pp. 62-64). He opined that, had the District been able to obtain more grant money, the rates could have been lower. He explained that the 40-year term for the WDA loan was the only term available. He also opined that permanent financing for a project such as this is not generally available from conventional lending institutions like banks. (Tr., pp. 64-74).

The next witness to testify was Bobby Joe Sprouse, one of the Protestants, who testified on his own behalf. He expressed his support for a sewer system, but voiced his strong opposition to the engineering and construction costs of the District's proposed project. He opined that the system was not properly designed. He stated that the system was just too costly for the people who will have to pay for it. He opined that the costs for engineering were totally out of line, i.e., too high. He questioned many of the proposed construction plans. In essence, he acknowledged that public necessity required a sewer system, but he opined that public convenience would not be served with the District's proposed system. (Tr., pp. 78-81).

Mr. Sprouse advocated that the District should utilize a different kind of treatment system. He testified that there was a hollow located about four miles below Sylvester that contained "thousands of acres of flat land" that could be utilized as a "wetlands" sewer treatment facility which, in his opinion, would not cost anything to operate. He opined that this would be the best way to clean up the environment. He opined that the engineer had spent more thought on engineering himself a high fee rather than saving money for the District's proposed customers. (Tr., pp. 81-85).

Mr. Sprouse went to great length to advocate the usage of a "wetlands" sewage treatment facility. He opined that all a wetlands facility required was a lot of flat land. (Tr., pp. 85-88). He stated that his own sewer system had just been installed a few months ago, but that it was illegal, i.e., he could not obtain a permit, although it was properly designed and constructed. He stated that he is a plumber. He opined that the proposed $50 deposit was a lot of money for the District's proposed customers. (Tr., pp. 88-94).

The next witness to testify was Gwinn Aboytes, one of the Protestants, who testified on her own behalf. She stated that she is associated with "Helping Hands" and "DARE" of Whitesville, organizations which give assistance to poor people. She stated that most of the people in the area already have a hard time paying their utility bills, without the added burden of the proposed sewer bill. She opined that some people will have to choose some months between purchasing groceries and paying the sewer bill. She acknowledged that the sewer system was really needed, but she opined that the people could not afford it. She opined that there had to be a better way. (Tr., pp. 94-98).

The next witness to testify was Paul Ghosh, who testified on behalf of the District. He indicated that he is the principal owner of Ghosh Engineering, and that he is the project engineer for the District. He stated that he had worked on the project since about 1987. He indicated that the original facilities plan included areas in Raleigh County and would have cost about $8,000,000. He stated that the estimated project cost was brought down to about $5,000,000 by the elimination of the Raleigh County portion of the proposed project. He stated that he had considered all types of treatment methods, including lagoons, wetlands, sequencing batch reactor and oxidation ditch, and he opined that the SBR method was the most cost effective for both the initial capital investment as well as the operational cost. He indicated that a vacuum collection system had been considered, as well as a pressure system, but he concluded that the current design comprising a gravity system with lift stations was the most cost effective for this project. He stated that the two existing collection systems in the communities of Whitesville and Sylvester would be utilized. (Tr., pp. 99-105).

Mr. Ghosh opined that individual field tile septic systems do not work in the area of the District's proposed system due to the type of terrain, soil and rock in the area. He opined that the two collection systems, in the communities of Whitesville and Sylvester, are out of compliance with Division of Environmental Protection (DEP) rules and regulations. He also opined that many of the individual septic systems are also out of compliance with DEP rules and regulations. He opined that, if the project fails, the towns of Sylvester and Whitesville will be fined by the DEP. (Tr., pp. 105-108).

Mr. Ghosh briefly described the requirements of the design and location of the proposed treatment facility. He stated that it must be located in an area above the 100-year flood plain. He stated that it must be centrally located in an area to which sewage would flow by gravity, if possible. He also noted that it was located near the Big Coal River so

that it could discharge into the river, rather than into a creek, to minimize the treatment process. (Tr., pp. 108-111).

Mr. Ghosh commented about the "wetlands" type of treatment facility advocated by the Protestants. He opined that a wetlands treatment facility would not work in West Virginia because the temperature is too cold in the winter. He opined that a wetlands treatment facility had been considered but had been rejected since it was not a viable alternative for the District's proposed project. (Tr., pp. 111-112). He sponsored District Exhibit No. 1. He indicated that his testimony had sufficiently described this Exhibit. (Tr., pp. 112-114).

Mr. Ghosh defended the proposed engineering fees, which he characterized as comprising about 16.9% of the project. He stated that his firm had been awarded the engineering contract through a competitive bidding process. He also opined that all available grant sources had been utilized in order to make this project affordable. He further noted that the engineering fees were for work performed from 1987 until the present and that, if the project is approved, will be for about one more year of engineering work. He opined that the estimated project costs were in line with similar projects. (Tr., pp. 114-117).

Mr. Ghosh commented about the rate design problem for the District by noting that most of the proposed customers do not have metered water systems. He stated that many of the customers have individual wells and that the public water customers in Whitesville do not have individual meters. He opined that the Staff-recommended rates are fair and equitable. He also opined that there was a need for the proposed project, due to the direct discharge of sewage into the Big Coal River by the towns of Whitesville and Sylvester and because of many failing individual septic tanks and systems. (Tr., pp. 117-121).

Mr. Ghosh responded to the questions raised by the Protestants. He stated that the location and number of manholes were dictated by legal requirements. (Tr., pp. 121-124). He also commented about the lift stations. He indicated that they are located so that the gravity lines do not have to run too deep. He opined that these stations will not be costly to operate. He opined that a vacuum system would not be feasible for the District. He opined that the proposed system is the cheapest and most feasible for the District. He opined that the estimated total cost for the project of $5,508,312 is reasonable. (Tr., pp. 121-130).

Mr. Ghosh explained how a vacuum system works, in detail, but he still opined that the proposed design was best for the District's project. (Tr., pp. 130-148).

The final witness to testify was Todd F. Dingess, who testified on behalf of the District. He stated that he is a certified public accountant, and that he prepared the District's Rule 42 Exhibit. He opined that no other source of grants was available. He stated that the proposed operation and maintenance expense would be $87,900. He indicated that the Staff-recommended rates were similar to the District's proposed rates, and that the District accepted the Staff-recommended rates as proper for the

District. He opined that the Staff-recommended rates would generate sufficient revenue for the District. (Tr., pp. 148-159).

Mr. Dingess opined that the interest rate for the money borrowed from the WDA could decrease from the projected 7.5% level. He stated that the rate would depend upon the time that the loan closed, but the rate would be a fixed rate at that time. (Tr., pp. 159-162).

DISCUSSION

Upon consideration of all of the above, the ALJ will approve the application for a certificate of convenience and necessity for the District's proposed project, will approve the proposed financing (provided that the actual bids do not exceed the total estimated project costs) and will approve the Staff-recommended rates. The ALJ is of the opinion that the concerns raised by the Protestants about the design of the sewage collection and treatment facilities and the engineering costs are largely unfounded, and that the District sufficiently responded to these concerns through the testimony from its engineer.

It is clear that the proposed service territory is without adequate sewage treatment facilities, since the communities of Whitesville and Sylvester discharge untreated sewage into Big Coal River; since many individuals and the communities of Whitesville and Sylvester are in violation of DEP rules and regulations; and since the geology of the proposed service territory precludes the effective use of field tile systems. The Protestants agreed that the sewer system was needed, but disagreed whether the District's proposal was convenient for the public to be served. However, the ALJ is of the opinion that the District's engineer has designed the system most closely suited to the needs of the proposed service territory. Mr. Ghosh opined that the gravity flow collection system with ten lift stations was the most cost effective. Mr. Ghosh also opined that the alternative treatment method utilizing a wetlands facility was not a viable alternative since such a method would not work properly in West Virginia's climate. The ALJ is genuinely convinced that the Protestants proposed what they believed to be a viable alternative; however, the ALJ will accord greater weight to the testimony and expert opinion of Mr. Ghosh. As for the charge by the Protestants that the engineering fees are excessive, the ALJ is persuaded that the fees are not excessive since the engineering contract was obtained through a competitive bidding process and since the fees are for work performed over a seven or eight-year period, from 1987 until the project is completed.

The ALJ is of the opinion that the rates are reasonable and that the rate design is by necessity since most of the customers have an unmetered water supply. The financing package is also reasonable. The only problem with this entire application, in the opinion of the ALJ, at the time this Recommended Decision is rendered, there is no indication in the Commission's file whether the actual bids have been received and, if so, whether they exceed the estimated project costs. For this reason, the ALJ will conditionally approve the project and the financing, pending the receipt of actual bids which are within the estimated project costs.

FINDINGS OF FACT

1. Boone-Raleigh Public Service District filed an application with the Commission, pursuant to Code §24-2-11, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system within the boundaries of the District in Boone County, for approval of financing for the project and for approval of rates and charges incidental to the provision of such service. (See, Application, filed October 2, 1992).

2. The proposed sewer system is comprised of a new wastewater treatment facility which will utilize the SBR process to treat sewage to be collected from the communities of Whitesville, Janie, Elk Run, Seng Creek, Pack's Branch, Sylvester and Branham Heights, all in Boone County. (See, Testimony of David A. Hippchen, Tr., pp. 8-12).

3. The proposed sewage collection system will consist of a conventional gravity system, with ten lift stations, and will serve approximately 698 customers. (See, Testimony of David A. Hippchen, Tr., pp. 8-12).

4. The proposed sewage collection system will utilize two existing collection-only systems located in the communities of Whitesville and Sylvester. (See, Testimony of David A. Hippchen, Tr., pp. 8-12; Paul Ghosh, Tr., pp. 99-105).

5. Bids for the proposed project have not been received, but the total estimated cost is approximately $5,508,312, which amount Commission Staff and the District's engineer have opined is reasonable. (See, Testimony of David A. Hippchen, Tr., pp. 12-13; Paul Ghosh, Tr., pp. 99-105, 121-130; Staff Exhibit No. 1; District Exhibit No. 1).

6. Staff has opined that the operation of the proposed system will not be labor intensive, which represents an operational savings, due to it being a gravity flow system utilizing the automated SBR treatment method, and that the design of the proposed system represents the least cost alternative. (See, Testimony of David A. Hippchen, Tr., pp. 14-17; Paul Ghosh, Tr., pp. 99-105).

7. The two communities of Whitesville and Sylvester have sewage collection-only systems which discharge raw or untreated sewage into Big Coal River. The balance of the area to be served by the project has individual septic tanks and/or field tile systems which do not work properly due to the geology of the area. (See, Testimony of David A. Hippchen, Tr., pp. 18-20; Paul Ghosh, Tr., pp. 105-108).

8. Staff has opined that the Staff-recommended rates were consistent with the rates of other newly constructed sewer systems. (See, Testimony of David A. Hippchen, Tr., pp. 18-20).

9. Staff has opined that public convenience and necessity require the proposed sewer system, provided that the actual bids are within the estimated project costs. (See, Testimony of David A. Hippchen, Tr., pp. 18-20).

10. Staff has opined that, while a flat rate generally is not desirable, it is the only option in an area such as the District's proposed service territory where most of the customers do not have a metered water supply. (See, Testimony of David A. Hippchen, Tr., pp. 36-47).

11. The proposed project will be financed through an EPA grant in the amount of $2,707,650; a HUD grant in the amount of $750,000; a Boone County Commission grant in the amount of $500,000; and a WDA loan in the amount of $1,550,662, payable over a 40-year term with an interest rate not to exceed 7.5%. (See, Testimony of William A. Nelson, Tr., pp. 51-56).

12. The annual debt requirement for the WDA loan will be $128,500, with an annual debt reserve of $12,436 and an annual renewal and replacement reserve of $5,593. (See, testimony of William A. Nelson, Tr., pp. 51-56).

13. All required confirmations from the funding sources have been received. (See, Testimony of William A. Nelson, Tr., pp. 51-56).

14. The operation and maintenance expenses will be approximately $87,900 annually. (See, Testimony of David A. Hippchen, Tr. pp. 12-13).

15. The Staff-recommended rates would produce annual revenues of approximately $239,720, thereby generating a cash flow surplus of $10,951 and providing a 123.62% debt service coverage. (See, Testimony of William A. Nelson, Tr., pp. 61-74).

16. The Staff-recommended rates are flat rates for several classes of customers utilizing a rate of $6.41 per 1,000 gallons water usage applied to an average usage of 3,000 gallons for residential customers with private water supplies, or $19.23 per month; 4,500 gallons usage for residential customers with nonmetered public water supplies, or $28.85 per month; four other average amounts of water usage for four classes of commercial customers; and a metered rate of $6.41 per 1,000 gallons. (See, Testimony of William A. Nelson, Tr., pp. 61-62).

17. The Protestants acknowledged that public necessity requires a sewer system for the proposed service territory, but opined that public convenience would not be served by the District's proposed system chiefly due to the cost. (See, Testimony of Bobby Joe Sprouse, Tr., pp. 78-81; Gwinn Aboytes, Tr., pp. 94-98).

18. The Protestants strongly advocated the utilization of a wetlands treatment facility. (See, Testimony of Bobby Joe Sprouse, Tr., pp. 81-94; Gwinn Aboytes, Tr., pp. 94-98).

19. The Protestants opined that many of the District's proposed customers would not have the financial means to pay the District's sewer bills. (See, Testimony of Bobby Joe Sprouse, Tr., pp. 88-94; Gwinn Aboytes, Tr., pp. 94-98).

20. The District has redesigned its original proposed system to exclude service areas in Raleigh County for a projected savings of about $3,000,000. (See, Testimony of Paul Ghosh, Tr., pp. 99-105).

21. The District considered all types of treatment methods, including lagoons, wetlands, SBR and oxidation ditches, and concluded that the most cost effective method for both the initial capital investment and for operational costs was the SBR method. (See, Testimony of Paul Ghosh, Tr., pp. 99-105).

22. The District's engineer opined that a wetlands treatment facility would not work in West Virginia because the temperature is too cold during the winter and, therefore, he opined that a wetlands facility was not a viable alternative for the District. (See, Testimony of Paul Ghosh, Tr., pp. 112-114).

23. The District's engineer opined that the gravity flow design, utilizing ten lift stations, was the most cost effective design for the District's proposed project. (See, Testimony of Paul Ghosh, Tr., pp. 99-105).

24. The District's engineer opined that the sewage collection systems in the communities of Whitesville and Sylvester, as well as many of the individual septic tank and/or field tile systems in the other areas, are in violation of DEP rules and regulations. (See, Testimony of Paul Ghosh, Tr., pp. 105-108).

25. The proposed engineering fees are for work performed by Ghosh Engineering for the District since 1987 and for work to be performed for about one more year through the construction phase of the project. Ghosh Engineering obtained the engineering contract for the project through a competitive bidding process. (See, Testimony of Paul Ghosh, Tr., pp. 114-117).

26. The District has agreed to accept the Staff-recommended rates. (See, Testimony of Todd F. Dingess, Tr., pp. 148-159).

CONCLUSIONS OF LAW

1. For the reasons set forth in Findings of Fact Nos. 2, 7, 9, 17 and 24, it is reasonable to conclude that public necessity requires the proposed project.

2. For the reasons set forth in Findings of Fact Nos. 2, 3, 4, 5, 6, 7, 8, 9, 11, 17, 10, 21, 22, 23, 24 and 25, it is reasonable to conclude that public convenience requires the proposed project.

3. Since public convenience and necessity require the proposed project, it is reasonable to approve the application, subject to the restriction set forth below in Conclusion of Law No. 4.

4. For the reasons set forth in Findings of Fact Nos. 5, 9, 11 and 13, it is reasonable to approve the financing for the project, provided

that the actual bids received do not exceed the total estimated project cost.

5. For the reasons set forth in Findings of Fact Nos. 8, 10, 12, 14, 15, 16 and 26, it is reasonable to approve the Staff-recommended rates.

6. For the reasons set forth in Findings of Fact Nos. 6, 21, 22, 23 and 25, it is reasonable to conclude that the Protestants' concerns, regarding whether the most cost-effective treatment and collection system had been designed and whether the engineering fees were unreasonable, are largely unfounded and that the District has sufficiently responded to these concerns through the testimony of its engineer.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on October 2, 1992, by Boone-Raleigh Public Service District, pursuant to Code §24-2-11, for a certificate of public convenience and necessity to construct a wastewater treatment facility and collection system to serve the communities of Whitesville, Janie, Elk Run, Seng Creek, Pack's Branch, Sylvester and Branham Heights, in Boone county, be, and the same hereby is, approved, provided that the actual bids received by the District for the project do not exceed the estimated total project costs of $5,508,312.

IT IS FURTHER ORDERED that the District's proposed financing for the project, comprised of an EPA grant in the amount of $2,707,650; a HUD grant in the amount of $750,000; a Boone County Commission grant in the amount of $500,000; and a WDA loan in the amount of $1,550,662 for a term not to exceed 40 years and at an interest rate not to exceed 7.5%, be, and the same hereby is, approved, provided that the actual bids received by the District for the project do not exceed the estimated total project costs of $5,508,312.

IT IS FURTHER ORDERED that the Staff-recommended rates, be, and the same hereby are, approved, for all service rendered after the completion of the project.

IT IS FURTHER ORDERED that the District shall file with the Commission within ten (10) days of this become the Commission's final order, a proper tariff setting forth the rates hereby approved, as set forth on Appendix A, attached hereto.

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.

Ronnie Z. McCann
Administrative Law Judge

RZM:mal

APPENDIX A

BOONE-RALEIGH PUBLIC SERVICE DISTRICT
CASE NO. 92-0488-PSD-CN
APPROVED RATES

Applicable in Sylvester, Elk Run, Seng Creek and Janie

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METERED RATE

$6.41 per 1,000 gallons used per month

MINIMUM CHARGE

No bill will be rendered for less than $19.23 per month.

WELL USER CHARGE

$19.23 per month

Applicable in Town of Whitesville

NON-METERED RATES

$28.85 for customers whose water bill is $12.50
$31.16 for customers whose water bill is $13.50-$15.50
$57.70 for customers whose water bill is $17.50-$25.00
$86.55 for customers whose water bill is $27.50-$53.50
$167.33 for customers whose water bill is $78.50-$83.50

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.

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 18th day of July, 1994.

CASE NO. 92-0488-PSD-CN (Reopened)

BOONE-RALEIGH PUBLIC SERVICE DISTRICT,
a public utility, Sylvester, Boone County.
Petition to reopen sewer certificate and
for approval of revised financing and
revised rates and charges incidental thereto.

FINAL ORDER

On October 2, 1992, Boone-Raleigh Public Service District, a public utility (hereinafter District), filed an application, duly verified, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system to treat sewage collected from the communities of Whitesville, Janie, Elk Run, Seng Creek, Pack's Branch, Sylvester, and Branham Heights, Boone County.

By a recommended decision entered on April 28, 1993, the application in question was approved, provided that the actual bids received by the District for the project did not exceed the estimated total project cost of $5,508,312. The recommended decision further approved the proposed financing for the project to be comprised of an EPA Grant in the amount of $2,707,650; a HUD Grant in the amount of $750,000; a Boone County Commission Grant in the amount of $500,000; and a loan from the West Virginia Water Development Authority in the amount of $1,550,662 for a term not to exceed 40 years and at an interest rate not to exceed 7.5%, provided that the actual bids for the proposed project did not exceed the aforesaid estimated total project cost of $5,508,312. The recommended decision also approved certain rates and charges for use upon completion of the project. The recommended decision became the final order of the Commission on May 19, 1993.

On May 12, 1994, the District filed a petition with the Commission seeking a reopening of this proceeding, indicating that the revised project cost is now $6,576,140, or an increase of $1,067,828 over the project cost originally approved by the Commission. The total revised project cost increase of $1,067,828 is attributed to additional construction costs of $915,308 and additional costs for land acquisition with regard to the treatment plant site and rights-of-way in the amount of $152,520. The District, in its May 12, 1994 petition requested authorization from the Commission for a total revised project cost of $6,576,140, to be funded as follows: A loan from the West Virginia Water Development Authority in the amount of $1,543,981, to be financed over a period of 40 years at an interest rate of 6.75%; a loan from the State Revolving Fund administered through the West Virginia Division of Commerce, Labor and Environmental Resources, Division of Environmental Protection, in the amount of $518,919, to be financed over a period of 20 years at an interest rate of 0%; a grant from the United States Environmental Protection Agency in the amount of $3,188,240; a HUD Small Cities Block Grant in the amount of $750,000; and a grant from the Boone County Commission in the amount of $575,000, which grant reflects an increase of $75,000 from the original grant amount.

Judge. In part, West Virginia Code §16-13A-8, requires that a public service district obtain approval from the Commission and the towns affected if the district seeks to acquire public service properties of the same kind within such towns. In the interest of judicial economy, we will conditionally approve the District's acquisition of the collection systems subject to proper resolutions regarding the same being obtained by the District from the Towns of Whitesville and Sylvester. It is our understanding that neither town has treatment facilities and that there are no revenue bonds or financial obligations associated with the collection systems. As soon as the proper resolutions are obtained from the Towns, they are to be filed by the District with the Executive Secretary's office.

In view of the fact that the District has provided proper newspaper publication of the filing of its reopened application in this proceeding, and in view of the fact that no protests have been received as a result thereof, and in view of the fact that Commission Staff has recommended approval of the reopened application, the Commission is of the opinion that the May 12, 1994 petition filed by Boone-Raleigh Public Service District in Case No. 92-0488-PSD-CN (Reopened), should be approved.

FINDINGS OF FACT

1. On May 12, 1994, Boone-Raleigh Public Service District, a public utility, filed a petition with the Commission seeking a reopening of Case No. 92-0488-PSD-CN, and for the approval of revised project costs, revised financing incidental thereto, and revised rates and charges. (See, may 12, 1994 petition).

2. By order entered by the Commission on June 2, 1994, Boone-Raleigh Public Service District was required to give notice of the filing of said reopened petition and of the revised project costs, financing and rates incidental thereto, by publishing a copy of said order once in each newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone County, and to return the necessary affidavits of publication to the Commission immediately after publication. (See, June 2, 1994 order).

3. On June 14 and 15, 1994, the District filed the affidavits of publication indicating that the Commission's June 2, 1994 order was published on June 8, 1994 in the Coal Valley News and in the Hometown News, newspapers qualified by the Secretary of State, published and of general circulation in Boone County. (See June 14 and June 15 letters).

4. The 30-day period for filing protests to the reopened petition expired on July 8, 1994, with no protests having been received by the Commission.

5. On July 15, 1994, Commission Staff, through Meyishi P. Blair, Esq., counsel, recommended that the May 12, 1994 petition from Boone-Raleigh Public Service District be granted regarding reopening, approval of grants and loans as well as the increase in rates and charges necessary to cover the additional debt. (See, Joint Staff Memorandum received July 15, 1994).

CONCLUSION OF LAW

In view of the fact that Boone-Raleigh Public Service District has provided proper newspaper publication of the filing of its reopened application in this proceeding; since

IT IS FURTHER ORDERED that the Commission's Executive Secretary mail a copy of this order to all parties of record in this proceeding by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

HMC/ft

HANNA AND HANNA

Attorneys-At-Law
1510 Kanawha Boulevard, East
Charleston, West Virginia 25311
(304) 342-2137
FAX (304) 342-2130

HOMER W. HANNA, JR.
1926-1993

MAILING ADDRESS:
P.O. BOX 2311
CHARLESTON, W. VIRGINIA 25328

SAMUEL F. HANNA
H. WYATT HANNA, III

June 13, 1994

Howard Cunningham
Executive Secretary
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

RE: Case No. 92-0488-PSD-CN (Reopened)
Boone-Raleigh Public Service District, a public utility, Sylvester, Boone County.
Petition to reopen sewer certificate and for approval of revised financing and revised rates and charges incidental thereto.

Dear Mr. Cunningham:

Enclosed please find an original Affidavit of Publication with regard to the above styled matter which indicates that the required Notice of Filing was published in the Coal Valley News one (1) time on the 8th day of June, 1994.

If you should have any questions regarding this matter, please do not hesitate to contact this office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

Enclosure

cc: Boone-Raleigh Public Service District
Paul Ghosh
Meyishi P. Blair, Staff Attorney

CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 2nd day of June, 1994.

CASE NO. 92-0486-PSD-CN (Reopened).

BOONE-RALEIGH PUBLIC SERVICE DISTRICT,
a public utility, Sylvester, Boone County.
Petition to reopen sewer certificate and
for approval of revised financing and revised
rates and charges incidental thereto.

NOTICE OF FILING

On October 2, 1992, Boone-Raleigh Public Service District, a public utility (District), Sylvester, Boone County, filed an application, duly verified, for a certificate of convenience and necessity to construct a wastewater treatment plant and collection system to treat sewage collected from the communities in Whitesville, Janis, Elk Run, Seng Creek, Peck's Branch, Sylvester, and Branham Heights, Boone County.

By a recommended decision entered on April 28, 1993, the application in question was approved, provided that the actual bids received by the District for the project did not exceed the estimated total project cost of $5,508,312. The recommended decision further approved the proposed financing for the project to be comprised of an EPA Grant in the amount of $2,707,850; a HUD Grant in the amount of $750,000; a Boone County Commission Grant in the amount of $500,000; and a loan from the West Virginia Water Development Authority in the amount of $1,550,662 for a term not to exceed 40 years and at an interest rate not to exceed 7.5%, provided that the actual bids for the proposed project did not exceed the aforesaid estimated total project cost of $5,508,312. The recommended decision also approved certain rates and charges for use upon completion of the project. The recommended decision became the final order of the Commission on May 19, 1993.

On May 12, 1994, the District filed a petition with the Commission seeking a reopening of this proceeding, indicating that the revised project cost is now $6,576,140, or an increase of $1,067,828 over the project cost approved by the Commission. The total costs of $915,508 and additional costs for land acquisition with regard to the treatment plant site and rights-of-way in the amount of $152,520. The District, in its May 12, 1994 petition requests authorization from the Commission for a total revised project cost of $6,576,140, to be funded as follows: A loan from the West Virginia Water Development Authority in the amount of $1,543,981, to be financed over a period of 40 years at an interest rate of 6.75%; a loan from the State Revolving Fund administered through the West Virginia Division of Commerce, Labor and Environmental Resources, Division of Environmental Protection, in the amount of $518,919, to be financed over a period of 20 years at an interest rate of 0%; a grant from the United States Environmental Protection Agency in the amount of $3,188,240; a HUD Small Cities Block Grant in the amount of $750,000; and a grant from the Boone County Commission in the amount of $575,000, which grant reflects an increase of $75,000 from the original grant amount.

In addition, the District requests approval of the following revised rates and charges for implementation after completion of the project:

Applicable in Sylvester, Elk Run, Seng Creek, and Janis
Availability of Service
Available for general domestic, commercial and industrial service.
Metered Rate
$6.00 per 1,000 gallons used per month
Minimum Charge
No bill will be rendered for less than $20.40 per month
Well User Charge
$20.40 per month

Applicable in Town of Whitesville
Non-Metered Rates
$30.60 for customers whose water bill is $12.50
$33.72 for customers whose water bill is $13.50-$16.50
$61.22 for customers whose water bill is $17.50-$25.00
$91.83 for customers whose water bill is $27.50-$58.50
$177.54 for customers whose water bill is $78.50-$83.50
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.

The District, in its reopening petition, is also requesting that the total loan in the amount of $1,543,981 to be obtained through the West Virginia Water Development Authority be acquired through two (2) bond closings, one in the amount of $1,443,981 and a second loan in the amount of $100,000 for completion bonds for this project.

Since the revised total project costs as well as the revised financing and rates and charges for the project in question exceed the approved limits granted by the Commission previously, IT IS ORDERED that Boone-Raleigh Public Service District, a public utility, be, and it hereby is, required to give notice of the filing of its reopened petition, and of the revised project costs, financing and rates incidental thereto, by publishing a copy of this order once in each newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone

cation of publication immediately after publication. Anyone desiring to make objection of 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 reopened application of Boone-Raleigh Public Service District, based on the evidence submitted with said reopened application and its review thereof.

A True Copy, Teste:

/s/ Howard M. Cunningham
Howard M. Cunningham
Executive Secretary

HMC/lt
6-8

STATE OF WEST VIRGINIA
COUNTY OF BOONE, to wit:

I, F. Keith Davis, being duly sworn, upon my oath, do depose and say that I am Publisher of the corporation entitled Boone County Newspapers, Inc., publishers of the COAL VALLEY NEWS, that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the municipality of Madison, Boone County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, 1931, as amended, within the publication area of the aforesaid municipality; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices;

that the annexed notice of Boone-Raleigh PSD/92-0488-PSD-CN (Reopened)
was duly published in the COAL VALLEY NEWS once a week for one (1)
successive week (Class I), commencing with the issue
of the 8th day of June, 19 94, and ending with the issue of
the 8th day of June, 19 94, (and was posted at the _____
_____ on the _____ day of _____, 19_____;) that said
annexed notice was pubished on the following dates: 6/8/94
and that the cost of publishing said annexed notice as aforesaid was $71.55

F Keith Davis

Taken, subscribed and sworn to before me in my said county this 8th day of June, 19 94
My commission expires May 2, 2001

Connie J. Cumbridge
Notary Public of Boone County,
West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE J. CUMBRIDGE
P. O. BOX 500
MADISON, WV 25130
My Commission Expires May 2, 2001

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,

KANAWHA COUNTY, TO-WIT:

I, _____ OF

THE DAILY MAIL, A DAILY REPUBLICAN NEWSPAPER, PUBLISHED IN THE CITY OF CHARLESTON, KANAWHA COUNTY, WEST VIRGINIA, DO SOLEMNLY SWEAR THAT THE ANNEXED NOTICE OF: BOONE/RALEIGH PSD

WAS DULY PUBLISHED IN SAID PAPER(S) ON THE DATES LISTED BELOW, AND WAS POSTED AT THE FRONT DOOR OF THE COURT HOUSE OF SAID KANAWHA COUNTY, WEST VIRGINIA, ON THE

15TH DAY OF MAY , 1992 .

DATES PUBLISHED:

05/14/92 DAILY MAIL 05/21/92 DAILY MAIL

SUBSCRIBED AND SWORN TO BEFORE ME THIS

22ND DAY OF MAY , 1992 .

Frances A. Hartman

NOTARY PUBLIC OF KANAWHA COUNTY, WEST VIRGINIA

PRINTERS FEE $ 214.67

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FRANCES A. HARTMAN
1429 Longridge Road
Charleston, West Virginia 25314
My Commission Expires Dec. 19, 1999

NOTICE

PLEASE TAKE NOTICE that the Boone-Raleigh Public Service District, a public utility, proposes to construct a sewage treatment plant facility and construct sanitary sewer collection lines to certain areas of Sylvester, Seng Creek, Elk Run, Janie, and the Town of Whitesville, as shown upon plans and specifications which have been developed by Ghosh Engineers, Inc., all of these areas being located in Boone County, West Virginia.

The Boone-Raleigh Public Service District will make formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity regarding said project on or after July 20, 1992.

The total estimated cost of the entire project is anticipated not to exceed $6,000,000.00. and the Boone-Raleigh Public Service District intends to borrow an amount of money not to exceed $2,000,000.00, said amount being financed through the West Virginia Water Development Authority with the entity issuing revenue bonds for the amount of monies which will be borrowed. The Boone-Raleigh Public Service District estimates that the interest rate on these bonds will not exceed eight percent (8%) for a borrowing period not to exceed forty (40) years.

Additional monies in the form of grants will be obtained from the United States Environmental Protection Agency in an amount estimated to be $2,707,650.00, a United States Department of Housing and Urban Development Community development Block grant in an amount estimated to be $750,000.00, and a grant from the Boone County Commission in the amount of $500,000.00.

The Boone-Raleigh Public Service District will be acquiring numerous rights of way from the public, as well as, from the State of West Virginia and it will be necessary to acquire ten (10) separate parcels of real estate upon which pump stations will be constructed and the real estate necessary for the construction of the proposed treatment plant facility.

The planned construction of the treatment plant in the Elk Run area of Boone County, West Virginia, is estimated to cost $1,250,000.00, and the treatment plant facility is projected to treat and dispose an estimated amount of 200,000 gallons of wastewater per day.

The project, in addition to the planned construction of the sewage treatment plant facility, will consist of the construction of new sanitary sewer collection lines and the necessary appurtenances as follows:

Sylvester		
8" Gravity Sanitary Sewer Line	17,180 linear feet	(Estimated)
Manholes	100	(Estimated)
Cleanouts	26	(Estimated)
Service Lateral	4,310 linear feet	(Estimated)
3" Force Main	3,290 linear feet	(Estimated)
4" Force Main	1,865 linear feet	(Estimated)
6" Force Main	6,720 linear feet	(Estimated)
Pump Stations	3	(Estimated)
Seng Creek		
8" Gravity Sanitary Sewer Line	14,075 linear feet	(Estimated)
Manholes	85	(Estimated)
Cleanouts	7	(Estimated)
Service Lateral	2,415 linear feet	(Estimated)
6" Force Main	435 linear feet	(Estimated)
Pump Station	1	(Estimated)
Elk Run		
8" Gravity Sanitary Sewer Line	3,035 linear feet	(Estimated)
Manholes	19	(Estimated)
Cleanouts	5	(Estimated)
Service Lateral	730 linear feet	(Estimated)
6" Force Main	1,615 linear feet	(Estimated)
8" Force Main	1,615 linear feet	(Estimated)
Pump Station	1	(Estimated)
Whitesville		
10" Gravity Sanitary Sewer Line	360 linear feet	(Estimated)
8" Gravity Sanitary Sewer Line	6,700 linear feet	(Estimated)
Manholes	45	(Estimated)
Cleanouts	9	(Estimated)
Service Lateral	1,235 linear feet	(Estimated)
2" Force Main	155 linear feet	(Estimated
4" Force Main	2,320 linear feet	(Estimated
Pump Stations	3	(Estimated)

The ownership of the entire sanitary sewer collection system for the Town of Whitesville will be assumed by the Boone-Raleigh Public Service District.

The Boone-Raleigh Public Service District anticipates that the rates to its customers will not exceed the following:

RATES

Customers who are non-residents of the Town of Whitesville shall be charged a rate not to exceed $6.41 per 1,000 gallons, based upon the metered amount of water furnished.

MINIMUM CHARGE

The above stated rate shall be subject to a minimum monthly charge of Nineteen Dollars and 23/100 ($19.23).

NON-METERED

Where a customer, who is a non-resident of the Town of Whitesville, has no water meter of where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be Nineteen Dollars and 23/100 ($19.23).

Residents of the Town of Whitesville, whose water bill is not based upon the metered amount of water furnished, shall be charged according to the following schedule:

If water bill is $12.50, then sewer bill will be $28.85
If water bill is $13.50, then sewer bill will be $31.15
If water bill is $15.50, then sewer bill will be $35.77
If water bill is $17.50, then sewer bill will be $40.38
If water bill is $18.50, then sewer bill will be $42.69
If water bill is $21.50, then sewer bill will be $49.61
If water bill is $22.50, then sewer bill will be $51.92
If water bill is $23.50, then sewer bill will be $54.23
If water bill is $24.50, then sewer bill will be $56.54
If water bill is $27.50, then sewer bill will be $63.46
If water bill is $34.50, then sewer bill will be $79.61
If water bill is $38.50, then sewer bill will be $88.84
If water bill is $42.50, then sewer bill will be $98.07
If water bill is $53.50, then sewer bill will be $123.46
If water bill is $78.50, then sewer bill will be $181.15
If water bill is $83.50, then sewer bill will be $192.68

DELAYED PAYMENT PENALTY

The above stated rates are 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.

Anyone wishing to object to this proposed project may sign a petition in the Office of the Clerk of the County Commission of Boone County, West Virginia, Boone County Courthouse, Madison, West Virginia, or at the business office of the Boone-Raleigh Public Service district located at Sylvester, West Virginia, or may contact the Public Service Commission of West Virginia, at its offices located at 201 Brooks Street, Charleston, West Virginia.

This Notice is prepared pursuant to West Virginia Code 16-13A-25.

Submitted by,
Sterling J. Miller, Chairman
Boone-Raleigh Public Service District

(900229)

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENTS
12. SPECIMEN BONDS
13. CONFLICTS OF INTEREST
14. GRANTS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. CLEAN WATER ACT
18. BOND PROCEEDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of the Boone-Raleigh Public Service District (herein called the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the single, fully registered Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A, numbered AR-1, dated the date hereof, in the aggregate principal amount of $1,543,981 and the single, fully registered Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, numbered BR-1, dated the date hereof, in the aggregate principal amount of $518,919 (individually referred to as the "Series A Bond" and "Series B Bond" or collectively herein called the "Bonds"), the Series A Bond bearing interest at the rate of six and seventy-five hundredths percent (6.75%), and the Series B Bond bearing interest at the rate of zero percent (0%), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Resolutions duly adopted by the Public Service Board (the "Board") of the District on July 13, 1994 and a Supplemental Resolution adopted July 13, 1994 relating to the Bonds (collectively, the "Resolutions"), and the Loan Agreement entered into between the District and the West Virginia Water Development

Authority (the "Authority") for the Series A Bond, dated July 20, 1994, and the Loan Agreement entered into between the District, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994 (the "DEP") for the Series B Bond, dated April 19, 1994, as amended, (collectively, the "Loan Agreements").

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board of the District authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning the acquisition and construction of wastewater collection and treatment facilities for the District, financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the District of the Project (the Project and any further improvements or extensions thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the acquisition and construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the District since July 13, 1994. Further, there has been no adverse change in the status of the EPA Grant, the HUD Grant, the Boone County Commission Grant or any other grant necessary to finance the acquisition and construction of the Project. The Issuer has no outstanding debt secured by the net revenues of the System. Simultaneously herewith the District has paid in full the $5,050 Step I Loan made by the Authority.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the Board of the District as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the District. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the District.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that the District has filed any information with the Public Service Commission (the "PSC") and taken all other action required to maintain the Recommended Decision of the PSC issued in Case No. 92-0488-PSD-CN granting the District a certificate of convenience and necessity, approving the sale of the Bond and approving the District's rates, dated April 29, 1993, which became the Final Order of the PSC on May 19, 1993, and any amendments thereto, in full force and effect, and has taken all other action required by applicable law. On July 13, 1994, the Board adopted by resolution the rates as were approved by the PSC.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Boone-Raleigh Public Service District," and it is a public corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Boone County of said State. The governing body of the District is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of terms of office during these Bond proceedings are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Earl S. Howell	5/3/1972	2/7/2000
Sterling J. Miller	10/23/1981	2/1/1996
Betty L. Smith	4/25/1984	2/1/1998

At the 1994 organizational meeting of the Board, the following were duly elected and qualified as officers of the Board: Earl S. Howell, Chairman, Sterling J. Miller, Treasurer and Betty L. Smith, Secretary.

H. Wyatt Hanna, III, Esq., whose signature appears hereon is the duly appointed and acting Attorney for the District.

8. LAND AND RIGHTS-OF-WAY: All land is fee simple and all rights-of-way and easements necessary for the 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 District and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the District to pay for

the same without jeopardizing the security of or payments on the Bond.

9. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

10. INSURANCE: The District will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance where applicable, in accordance with the Resolutions and the Loan Agreements.

11. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the District contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do 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 District has occurred since the date of the Loan Agreements 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 therein not misleading.

12. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of the Series A Bond and Series B Bond which, except as to execution and authentication, is identical in all respects with such Bond this day delivered to the Authority and being substantially in the form prescribed in the Resolutions.

13. CONFLICTS OF INTEREST: No officer or employee of the District has a substantial financial interest, direct, indirect, by reason of ownership of stock or otherwise, in any corporation, in any contract with the District or to any contractor supplying the District, relating to the Bonds and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

14. GRANTS: The District's $3,195,990 United States Environmental Protection Agency Grant, $750,000 Housing and Urban

Development Small Cities Block Grant and $575,000 Boone County Commission Grant are in full force and effect.

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

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

17. CLEAN WATER ACT: The Project as described in the Bond Resolutions complies with Sections 208 and 303(e) of the Clean Water Act.

18. BOND PROCEEDS: On the date hereof, the Issuer received $300,000 for the Series A Bond from the Authority and $25,945 for the Series B Bond from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

WITNESS our signatures and the official corporate seal of the Boone-Raleigh Public Service District on this 20th day of July, 1994.

[SEAL]

Signature	Official Title
Earl Howell	Chairman
Betty L. Smith	Secretary
H. Wyatt Nelson III	Attorney

ABB0517D

Exhibit A

AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 A

No. AR-1 $1,543,981

KNOW ALL MEN BY THESE PRESENTS: That BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone 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 One Million, Five Hundred Forty Three Thousand, Nine Hundred Eighty-One Dollars ($1,543,981), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B provided that interest shall accrue only on the amounts advanced herewith.

The interest on such advances shall run from the date of such advances and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1994. 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 Whitesville State Bank, Whitesville, 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 20, 1994.

The Bond is issued in the original principal amount of $1,543,981 (i) to pay a portion of the costs of acquisition and construction of a wastewater collection and treatment system of the Issuer (the "Project"); (ii) to pay interest on this Bond during the construction of the Project and for approximately six months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), and a Bond

"SPECIMEN"

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH MICH.

Resolution and Supplemental Resolution (the "Resolution") duly adopted by the Issuer on July 13, 1994, and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1994 B, ISSUED SIMULTANEOUSLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $518,919 (THE "SERIES 1994 B BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien of the Series 1994 B Bond, moneys in the Reserve Account created under the Resolution for the Bonds (the "Reserve Account") and unexpended proceeds of the Bond (the "Bond Proceeds"). 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 in 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 provision or limitation, 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 Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 required in any year for debt service on the Bonds, the Series 1994 B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any Bonds, provided however, that so long as the Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bond in the then current or any succeeding year, and the reserve account for any other obligations outstanding on a parity with the Bonds, including the Series 1994 B Bond, is funded at 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 Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bond are exclusively as provided in the Resolution, 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 Resolution, 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 provisions 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 Costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

SPECIMEN

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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.

SPECIMEN

All provisions of the Resolution, supplemental 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.

[Remainder of page intentionally left blank]

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH

IN WITNESS WHEREOF, BOONE-RALEIGH 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 20, 1994.

[SEAL]

"SPECIMEN"

Chairman

"SPECIMEN"

ATTEST

Secretary

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH.

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is described in the Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 20, 1994.

WHITESVILLE STATE BANK, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

"SPECIMEN"

Total $_____

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EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Bearing Local Loan from Bridge Financing Program
Debt Service Schedule - Boone-Raleigh PSD

Closing July 20, 1994
Interest Bearing Loan: $1,543,981.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	20,554.25	20,554.25
10/1/95	6.75%	0.00	104,218.72	104,218.72
10/1/96	6.75%	9,503.07	104,218.72	113,721.79
10/1/97	6.75%	10,144.53	103,577.26	113,721.79
10/1/98	6.75%	10,829.29	102,892.50	113,721.79
10/1/99	6.75%	11,560.26	102,161.53	113,721.79
10/1/00	6.75%	12,340.58	101,381.21	113,721.79
10/1/01	6.75%	13,173.57	100,548.22	113,721.79
10/1/02	6.75%	14,062.79	99,659.00	113,721.79
10/1/03	6.75%	15,012.03	98,709.77	113,721.80
10/1/04	6.75%	16,025.34	97,696.45	113,721.79
10/1/05	6.75%	17,107.05	96,614.74	113,721.79
10/1/06	6.75%	18,261.72	95,460.02	113,721.79
10/1/07	6.75%	19,494.44	94,227.35	113,721.79
10/1/08	6.75%	20,810.32	92,911.47	113,721.79
10/1/09	6.75%	22,215.01	91,506.78	113,721.79
10/1/10	6.75%	23,714.53	90,007.26	113,721.79
10/1/11	6.75%	25,315.26	88,406.53	113,721.79
10/1/12	6.75%	27,024.04	86,697.75	113,721.79
10/1/13	6.75%	28,848.16	84,873.63	113,721.79
10/1/14	6.75%	30,795.41	82,926.38	113,721.79
10/1/15	6.75%	32,874.10	80,847.69	113,721.79
10/1/16	6.75%	35,093.10	78,628.69	113,721.79
10/1/17	6.75%	37,461.89	76,259.90	113,721.79
10/1/18	6.75%	39,990.57	73,731.23	113,721.80
10/1/19	6.75%	42,689.93	71,031.86	113,721.79
10/1/20	6.75%	45,571.50	68,150.29	113,721.79
10/1/21	6.75%	48,647.58	65,074.22	113,721.80
10/1/22	6.75%	51,931.29	61,790.50	113,721.79
10/1/23	6.75%	55,436.65	58,285.14	113,721.79
10/1/24	6.75%	59,178.62	54,543.17	113,721.79
10/1/25	6.75%	63,173.18	50,548.61	113,721.79
10/1/26	6.75%	67,437.37	46,284.42	113,721.79
10/1/27	6.75%	71,989.39	41,732.40	113,721.79
10/1/28	6.75%	76,848.68	36,873.12	113,721.80
10/1/29	6.75%	82,035.96	31,685.83	113,721.79
10/1/30	6.75%	87,573.39	26,148.40	113,721.79
10/1/31	6.75%	93,484.59	20,237.20	113,721.79
10/1/32	6.75%	99,794.80	13,926.99	113,721.79
10/1/33	6.75%	106,530.96	7,190.84	113,721.80
		1,543,981.00	2,902,220.04	4,446,201.04

"SPECIMEN"

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(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

"SPECIMEN"

_____

In the presence of:

_____

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE-RALEIGH PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1994 B

No. BR-1 $518,919

KNOW ALL MEN BY THESE PRESENTS: That BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone 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 Five Hundred Eighteen Thousand Nine Hundred Nineteen Dollars ($518,919), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning December 1, 1995, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate of zero percent (0%) per annum as set forth on said Exhibit B.

SPECIMEN

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Whitesville State Bank, Whitesville, 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 the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994 (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated April 19, 1994, among the Authority, the DEP and the Issuer.

This Bond is issued in the aggregate principal amount of $518,919 (i) to pay a portion of the costs of acquisition and construction of a wastewater collection and treatment system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. 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 Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly enacted by the Issuer on the 13th day of July, 1994, and a Supplemental Resolution adopted by the Issuer on the

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13th day of July, 1994 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1994 A, ISSUED SIMULTANEOUSLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,543,981 (THE "SERIES 1994 A BOND").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien on the Series 1994 A Bond, moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bond (the "Bond Proceeds"). 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on said Bond in the then current year or any succeeding year and the reserve account for any other obligations outstanding on a parity with the Bonds, including the Series 1994 A Bond, is funded at 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, 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 described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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

SPECIMEN
SPECIMEN

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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.

SPECIMEN

All provisions of the Resolution, 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.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, BOONE-RALEIGH 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 20, 1994.

[SEAL]

"SPECIMEN"

Chairman

ATTEST:

"SPECIMEN"

Secretary

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 20, 1994

WHITESVILLE STATE BANK, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

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EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

"SPECIMEN"

Total $_____

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EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/1995	-	-	-	-
12/01/1995	6,487.00	-	-	6,487.00
3/01/1996	6,487.00	-	-	6,487.00
6/01/1996	6,487.00	-	-	6,487.00
9/01/1996	6,487.00	-	-	6,487.00
12/01/1996	6,487.00	-	-	6,487.00
3/01/1997	6,487.00	-	-	6,487.00
6/01/1997	6,487.00	-	-	6,487.00
9/01/1997	6,487.00	-	-	6,487.00
12/01/1997	6,487.00	-	-	6,487.00
3/01/1998	6,487.00	-	-	6,487.00
6/01/1998	6,487.00	-	-	6,487.00
9/01/1998	6,487.00	-	-	6,487.00
12/01/1998	6,487.00	-	-	6,487.00
3/01/1999	6,487.00	-	-	6,487.00
6/01/1999	6,487.00	-	-	6,487.00
9/01/1999	6,487.00	-	-	6,487.00
12/01/1999	6,487.00	-	-	6,487.00
3/01/2000	6,487.00	-	-	6,487.00
6/01/2000	6,487.00	-	-	6,487.00
9/01/2000	6,487.00	-	-	6,487.00
12/01/2000	6,487.00	-	-	6,487.00
3/01/2001	6,487.00	-	-	6,487.00
6/01/2001	6,487.00	-	-	6,487.00
9/01/2001	6,487.00	-	-	6,487.00
12/01/2001	6,487.00	-	-	6,487.00
3/01/2002	6,487.00	-	-	6,487.00
6/01/2002	6,487.00	-	-	6,487.00
9/01/2002	6,487.00	-	-	6,487.00
12/01/2002	6,487.00	-	-	6,487.00
3/01/2003	6,487.00	-	-	6,487.00
6/01/2003	6,487.00	-	-	6,487.00
9/01/2003	6,487.00	-	-	6,487.00
12/01/2003	6,487.00	-	-	6,487.00
3/01/2004	6,487.00	-	-	6,487.00
6/01/2004	6,487.00	-	-	6,487.00
9/01/2004	6,487.00	-	-	6,487.00
12/01/2004	6,487.00	-	-	6,487.00
3/01/2005	6,487.00	-	-	6,487.00
6/01/2005	6,487.00	-	-	6,487.00
9/01/2005	6,486.00	-	-	6,486.00
12/01/2005	6,486.00	-	-	6,486.00
3/01/2006	6,486.00	-	-	6,486.00
6/01/2006	6,486.00	-	-	6,486.00
9/01/2006	6,486.00	-	-	6,486.00
12/01/2006	6,486.00	-	-	6,486.00
3/01/2007	6,486.00	-	-	6,486.00
6/01/2007	6,486.00	-	-	6,486.00
9/01/2007	6,486.00	-	-	6,486.00
12/01/2007	6,486.00	-	-	6,486.00
3/01/2008	6,486.00	-	-	6,486.00
6/01/2008	6,486.00	-	-	6,486.00
9/01/2008	6,486.00	-	-	6,486.00
12/01/2008	6,486.00	-	-	6,486.00
3/01/2009	6,486.00	-	-	6,486.00
6/01/2009	6,486.00	-	-	6,486.00
9/01/2009	6,486.00	-	-	6,486.00
12/01/2009	6,486.00	-	-	6,486.00
3/01/2010	6,486.00	-	-	6,486.00
6/01/2010	6,486.00	-	-	6,486.00
9/01/2010	6,486.00	-	-	6,486.00
12/01/2010	6,486.00	-	-	6,486.00
3/01/2011	6,486.00	-	-	6,486.00
6/01/2011	6,486.00	-	-	6,486.00
9/01/2011	6,486.00	-	-	6,486.00
12/01/2011	6,486.00	-	-	6,486.00
3/01/2012	6,486.00	-	-	6,486.00
6/01/2012	6,486.00	-	-	6,486.00
9/01/2012	6,486.00	-	-	6,486.00
12/01/2012	6,486.00	-	-	6,486.00
3/01/2013	6,486.00	-	-	6,486.00
6/01/2013	6,486.00	-	-	6,486.00
9/01/2013	6,486.00	-	-	6,486.00
12/01/2013	6,486.00	-	-	6,486.00
3/01/2014	6,486.00	-	-	6,486.00
6/01/2014	6,486.00	-	-	6,486.00
9/01/2014	6,486.00	-	-	6,486.00
12/01/2014	6,486.00	-	-	6,486.00
3/01/2015	6,486.00	-	-	6,486.00
6/01/2015	6,486.00	-	-	6,486.00
9/01/2015	6,486.00	-	-	6,486.00
TOTAL	518,919.00	-	-	518,919.00

"SPECIMEN"

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH.

Form of Assignment

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

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

Dated: _____, _____.

"SPECIMEN"

_____

In the presence of:

_____

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.--PLYMOUTH, MICH

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Betty L. Smith, Secretary of the Public Service Board (the "Board") of Boone-Raleigh Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the Boone-Raleigh Public Service District's sale of $1,543,981 Sewer Revenue Bond, Series 1994 A and $518,919 Sewer Revenue Bond, Series 1994 B (collectively, the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, that said documents have been duly adopted or entered by the Board, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Rules of Procedure.

2. Order of The County Commission of Boone County (the "County Commission") creating the District.

3. Order of the County Commission appointing current Board members.

4. Oaths of Office of Board members.

5. (a) Loan Agreement for the Series A Bond dated July 20, 1994.

(b) Loan Agreement for the Series B Bond dated April 19, 1994.

6. Minutes of 1994 organizational meeting of the Board.

7. Excerpts from the minutes of the July 13, 1994, meeting of the Board, wherein the Bond Resolutions and the Supplemental Resolution with respect to the Bond was adopted.

8. Bond Resolutions.

9. Supplemental Resolution.

10. Evidence of EPA Grant, HUD Grant and the Boone County Commission Grant.

11. Final Order of the Public Service Commission of West Virginia (the "Commission") granting the District a Certificate of Convenience and Necessity, dated May 19, 1993.

12. Final Order of the Commission dated July 18, 1994 approving the borrowing and approving rates and changes.

WITNESS my signature and the official seal of the Boone-Raleigh Public Service District as of the 20th day of July, 1994.

Betty L Smith
Secretary, Public Service Board,
Boone-Raleigh Public Service District

(SEAL)

ABB05174

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

CERTIFICATE AS TO NON-ARBITRAGE

I, Earl S. Howell, Chairman of the Public Service Board of Boone-Raleigh Public Service District, in Boone County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,543,981 aggregate principal amount of Sewer Revenue Bond, Series 1994 A, dated July 20, 1994 (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 and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Bonds. 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 and 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 20, 1994, the date on which the Bonds are to be physically delivered in exchange for a portion of 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 pursuant to which the Bond is issued, the Issuer has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bond" within the meaning of the Code.

6. The Bonds were sold on July 20, 1994, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $1,543,981. The Bonds were sold simultaneously with the Issuer's $518,919 Sewer Revenue Bonds,

Series 1994 B which bear no interest. On the date hereof, the Issuer received $300,000 from the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds.

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 a waste water collection and treatment facility for the Issuer (the "Project"), (ii) paying capitalized interest on the Bonds during the acquisition and construction of the Project and for a period of six months thereafter, and (iii) paying costs of issuance and other costs in connection therewith.

8. Construction and acquisition of the Project will proceed with due diligence to completion. Construction of the Project is expected to be completed by May, 1995.

9. The total cost of the Project is estimated at $6,583,450. Sources and uses of funds for the Project are as follows:

SOURCES

Series A Bond	$1,543,981
Series B Bond	518,919
EPA Grant	3,195,990
HUD Grant	750,000
Boone County Commission Grant	575,000
Total Sources	$6,583,890

USES

Construction Contracts	$5,058,102
Technical Service	747,613
Legal and Fiscal	32,000
Administrative	20,000
Site and Other Lands	210,000
Capitalized Interest	130,273
Contingency	316,352
Interim Financing Costs	50,000
WDA Note Repayment	5,050
Closing Costs	14,500
Total Uses	$6,583,890

Except for the proceeds of the Bonds and the Grant Receipts and as otherwise provided in the Resolutions, no other funds of the Issuer will be available to meet the 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 IV of the Bond Resolutions, the following special funds or accounts have been created:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Construction Trust Funds;

(4) Rebate Fund;

(5) Series 1994 A Bond Sinking Fund, and within the Series 1994 A Bond Sinking Fund, the Series 1994 A Bond Reserve Account; and

(6) Series 1994 B Bond Sinking Fund, and within the Series 1994 B Bond Sinking Fund, the Series 1994 B Bond Reserve Account.

11. Moneys held in the respective Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project. To the extent not required by the Resolutions to be deposited in the Revenue Fund and the Rebate Fund, all investment earnings on moneys in the Series 1994 A Bond Sinking Fund and the Series 1994 A Bond Reserve Account, in the Series 1994 B Bond Sinking Fund and in the Series 1994 B Bond Reserve Account, will be placed in the Revenue Fund for use in accordance with the terms thereof.

12. Except for the Sinking Funds and the Reserve Accounts, 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 Bond, or which are pledged as collateral for the Bond, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bond, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bond. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property 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 will be deposited in the Reserve Accounts or any other reserve or replacement fund. The amounts deposited in the Reserve Accounts from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 10% of average annual principal and interest on the Bonds. Amounts in the Reserve Accounts, not to

exceed 10% of the proceeds of the Bonds, and if invested, will be invested without yield limitation. The establishment of the Reserve Accounts is required by the Authority and the West Virginia Division of Environmental Protection, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bond.

13. The Issuer plans to enter into contracts for the construction of the Project on July 20, 1994, and construction will commence on or about August 1, 1994.

14. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within nine months.

15. 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.

16. With the exception of the amounts deposited in the Sinking Funds, for payment of interest on the Bonds and amounts deposited in the Reserve Accounts, if any, all of the proceeds of the Bonds will be expended on the Project within 6 months from the date of issuance thereof.

17. Any money deposited in the Sinking Funds for payment of the principal and interest on the Bonds (other than the Reserve Accounts therein) will be spent within a 13 month period beginning on the date of receipt and any moneys received from investment of amounts held in the Sinking Funds (other than the Reserve Accounts therein) will be spent within a one-year period beginning the date of receipt.

18. 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.

19. 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.

20. 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.

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

22. 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 5% of the proceeds of the Bonds have been or

will be used to make or finance loans to, any person who is not a governmental unit.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

24. The Issuer shall use the proceeds of the Bonds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. 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 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bond" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for Federal income tax purposes.

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

27. 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 obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds.

28. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for Federal income tax purposes of the Bonds.

29. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

30. The Issuer has either (a) funded the Reserve Accounts at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Accounts which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Accounts hold 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 Reserve Accounts and the Sinking Funds (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.

31. The Issuer shall submit to the Authority within 30 days following the end of the Issuer's bond year a certified copy of its rebate calculation or, if the Issuer qualifies for an exception to rebate, 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.

32. 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.

33. 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.

34. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

35. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 20th day of July, 1994.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

ABB0517F

Form **8038-G** (Rev. May 1993)

Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

(Use Form 8038-GC if the issue price is under $100,000.)

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: Boone-Raleigh Public Service District

2 Issuer's employer identification number: 55 0634968

3 Number and street (or P.O. box if mail is not delivered to street address): P.O. Box 245

Room/suite:

4 Report number: G1994 -1

5 City, town, state, and ZIP code: Sylvester, WV 25193

6 Date of issue: July 20, 1994

7 Name of issue: Boone-Raleigh Public Service District $1,543,981 Sewer Revenue Bond, Series 1994 A

8 CUSIP Number: None

Part II Type of Issue (check applicable box(es) and enter the issue price)

		Issue price
9	☐ Education (attach schedule–see instructions)	$
10	☐ Health and hospital (attach schedule–see instructions)	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds)	1,543,981
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see Instructions) ▶	
17	If obligations are tax or other revenue anticipation bonds, check box ▶ ☐	
18	If obligations are in the form of a lease or installment sale, check box ▶ ☐	

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.	10/01/33	6.75 %	106,531	106,531			
20	Entire issue			1,543,981	1,543,981	27.85 years	6.7511 %	6.7500 %

Part IV Uses of Original Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest			21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))			22	1,543,981
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	15,000		
24	Proceeds used for credit enhancement	24	-0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-		
26	Proceeds used to refund prior issues	26	-0-		
27	Total (add lines 23 through 26)			27	15,000
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			28	1,528,981

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 ▶ N/A years

30 Enter the last date on which the refunded bonds will be called ▶

31 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶ N/A

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ N/A

34 Pooled financings:

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ N/A

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ N/A

35 If the issuer has elected to pay a penalty in lieu of rebate, check box ▶ ☐

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

Earl Howell — Signature of officer

7/20/94 — Date

Earl S. Howell, Chairman — Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the Instructions. Cat. No. 63773S Form **8038-G** (Rev. 5-93)

*U.S. Government Printing Office: 1993 — 343-034/80150

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

CERTIFICATE OF CONSULTING ENGINEER

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of a sewerage system distribution facility (herein called the "Project") for Boone-Raleigh Public Service District (the "District") to be constructed primarily in Boone County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bond (the "Bonds") of the District. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolutions adopted by the Public Service Board of the District on July 13, 1994, and the Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority") for the Series 1994 A Bond dated July 20, 1994 and the Loan Agreement by and between the District, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994 (the "DEP") for the Series 1994 B Bond dated April 19, 1994, as amended.

1. 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 that the Authority and DEP purchase the Bonds (the "Application"), (ii) the Project has been approved by all necessary governmental bodies, (iii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iv) the District 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 and the District intends to enter into contracts with respect to said bids on July 20, 1994, (v) the District has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (vi) the rates and charges for the System as adopted by the Public Service Board of the District and approved by the Public Service Commission of West Virginia are sufficient to comply with the provisions of the Loan Agreements, and (vii) 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. 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 20th day of July, 1994.

GHOSH ENGINEERS, INC.

[SEAL]

By _____
License No. 7806

ABB0317E

CERTIFICATE DESIGNATING AUTHORIZED
SIGNATORIES FOR CONSULTING ENGINEER

TO: Whitesvile State Bank
As Construction Trust Fund Depository Bank
702 Boone Street
Whitesville, WV 25209

Re: Boone-Raleigh Public Service District $1,543,981 Sewer Revenue Bond, Series 1994 and $518,919 Sewer Revenue Bond, Series 1994 B

To Whom It May Concern:

The following individuals are hereby designated as authorized signatories for the purpose of the Certificate required by Section 6.02 of the Bond Resolution for the above-referenced bonds:

Pulak Ghosh
William Cunningham

WITNESS my signature this 20th day of July, 1994.

GHOSH ENGINEERS, INC.

By _____
Authorized Officer

ABB05178

DATE: 07/13/94

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Boone-RAleigh PSD
TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	$ 5,058,102	
2.	Technical Services	$ 747,613	
3.	Legal and Fiscal	$ 32,000	
4.	Administrative	$ 20,000	
5.	Site and Other Lands	$ 210,000	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: WDA)	$ 5,050	
7.	Interim Financing Costs (Note)	$ 180,273	
8.	Contingency	$ 316,352	
9.	Total of Lines 1 through 8		$6,569,390

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	EPA	$ 3,195,990	
			$	
11.	State Grants: (Specify Source)	HUD CDBG	$ 750,000	
			$	
			$	
			$	
12.	Other Grants: (Specify Source)	Boone Co Comm	$ 575,000	
13.	Any Other Source[2] (Specify)	SRF Loan	$ 518,919	
14.	Total of Lines 10 through 13			$ 5,039,909
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 1,529,481

[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).

Note: Includes $50,000 Interim Financing, $ 130,273 Capitalized Interest

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ -0-	
17.	Funded Reserve Account[3]	$	
18.	Other Costs[4]	$ 14,500	
19.	Total Cost of Financing (Lines 16 through 18)		$ 14,500
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 1,543,981

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

Edward Howrel
SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

SIGNATURE OF ENGINEER

---

[3] Consult with bond counsel and the Authority before assuming a funded reserve.

[4] For example, fees of bond counsel for the Governmental Agency.

AMENDED SCHEDULE B

CASH FLOW ANALYSIS

S E E A T T A C H E D

BOONE-RALEIGH PUBLIC SERVICE DISTRICT (FN:BRCAWSX)

CONSTRUCTION AND PROJECT COST FOR SERVICE TO THE
WHITESVILLE AND SYLVESTER AREAS

BASED UPON FEBRUARY 15, 1994 AND
MARCH 29, 1994 BIDS

	CONSTRUCTION BUDGET			CASH FLOW PROJECTION									
CONSTRUCTION COSTS:	1994 BUDGET	REIMBURSED PRIOR CONSTRUCTION START AND AT LOAN CLOSING		MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	FINAL
CONTRACT I	1,599,783.00		% COMPLETE	5.00%	10.00%	15.00%	15.00%	15.00%	15.00%	10.00%	10.00%	5.00%	100.00%
CONTINGENCY	79,989.15												
TOTAL	1,679,772.15		CONT. I	83,989	167,977	251,966	251,966	251,966	251,966	167,977	167,977	83,989	1,679,772
CONTRACT II	2,189,319.00												
CONTINGENCY	109,465.95												
TOTAL	2,298,784.95		CONT. II	114,939	229,878	344,818	344,818	344,818	344,818	229,878	229,878	114,939	2,298,785
CONTRACT III	1,295,360.00												
CONTINGENCY	37,990.00												
TOTAL	1,333,450.00		CONT. III	66,623	133,245	199,868	199,868	199,868	199,868	133,245	133,245	66,623	1,333,450
TOTAL OF CONSTRUCTION	5,311,007.10			265,550	531,101	796,651	796,651	796,651	796,651	531,101	531,101	265,550	5,311,007
OTHER COSTS:													
LEGAL	20,000.00	12,000		400	800	1,200	1,200	1,200	1,200	800	800	400	20,000
BOND COUNSEL	14,500.00	14,500		0	0	0	0	0	0	0	0	0	14,500
ACCOUNTING	12,000.00	6,000		300	600	900	900	900	900	600	600	300	12,000
ADMINISTRATION	20,000.00	0		1,000	2,000	3,000	3,000	3,000	3,000	2,000	2,000	1,000	20,000
LAND	10,000.00	10,000		0	0	0	0	0	0	0	0	0	10,000
CSX PLANT SITE	190,000.00	0		15,000	0	0	0	0	0	0	175,000	0	190,000
RIGHT-OF-WAYS	10,000.00	9,000		0	0	0	0	0	0	0	1,000	0	10,000
CAPITALIZED INTEREST	130,273.00	0		6,514	13,027	19,541	19,541	19,541	19,541	13,027	13,027	6,514	130,273
STEP I LOAN REPAYMENT	5,050.00	0		253	505	758	758	758	758	505	505	253	5,050
INTEREST DURING CONSTRUCTION	50,000.00	0		2,500	5,000	7,500	7,500	7,500	7,500	5,000	5,000	2,500	50,000
PROJECT CONTINGENCY	63,446.95	0		3,172	6,345	9,517	9,517	9,517	9,517	6,345	6,345	3,172	63,447
STEP II ENGINEERING	264,000.00	264,000		0	0	0	0	0	0	0	0	0	264,000
STEP II SPECIAL ENGINEERING	88,000.00	88,000		0	0	0	0	0	0	0	0	0	88,000
STEP III ENGINEERING	156,613.00	0		7,831	15,661	23,492	23,492	23,492	23,492	15,661	15,661	7,831	156,613
STEP III SPECIAL ENGINEERING	76,200.00	0		3,810	7,620	11,430	11,430	11,430	11,430	7,620	7,620	3,810	76,200
RESIDENT INSPECTION	162,808.00	0		8,140	16,280	24,420	24,420	24,420	24,420	16,280	16,280	8,140	162,800
TOTAL OTHER COSTS	1,272,882.90	403,500		48,919	67,838	101,757	101,757	101,757	101,757	67,838	243,838	33,919	1,272,883
TOTAL ESTIMATED PROJECT COST	6,583,890.00	403,500		314,470	598,939	898,409	898,409	898,409	898,409	598,939	774,939	299,470	6,583,890
SOURCE OF FUNDING:													
HUD GRANT	750,000.00	100,000		28,000	56,000	84,000	84,000	84,000	84,000	56,000	56,000	28,000	750,000
BOONE COUNTY COMMISSION	500,000.00	75,000		21,250	42,500	63,750	63,750	63,750	63,750	42,500	42,500	21,250	500,000
BOONE COUNTY COM. CSX	75,000.00	75,000		0	0	0	0	0	0	0	0	0	75,000
EPA SRF LOAN	518,919.00	75,000		22,196	44,392	66,588	66,588	66,588	66,588	44,392	44,392	22,196	518,919
EPA DESIGN ALLOWANCE	143,978.00	71,989		71,989	0	0	0	0	0	0	0	0	143,978
EPA GRANT	3,052,012.00	0		152,601	305,201	457,802	457,802	457,802	457,802	305,201	305,201	152,601	3,052,012
WDA LOAN	1,543,981.01	66,511		73,874	147,747	221,621	221,621	221,621	221,621	147,747	147,747	73,874	1,543,981
TOTAL FUNDING	6,583,890.00	553,500		369,909	595,840	893,760	893,760	893,760	893,760	595,840	595,840	297,920	6,583,890

Smith, Cochran & Hicks
Certified Public Accountants

Charles S. Smith, CPA
Dennis R. Hicks, CPA
Jill E. Patterson, CPA
Todd F. Dingess, CPA

400 Capitol Street, Suite 200
Charleston, West Virginia 25301
Tel 304 345-1151 FAX 304 346-6731

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

The undersigned Smith, Cochran & Hicks, Certified Public Accountants, hereby certifies that we have reviewed the sewer service rates which were adopted by the Boone-Raleigh Public Service District (the "District") on July 13, 1994 and which were approved in the Recommended Decision of the Public Service Commission of West Virginia ("PSC") granting the District a Certificate of Convenience and Necessity dated April 29, 1993, which became the Final Order of the PSC on May 19, 1993, and the Project and approving rates. It is our opinion that those rates are adequate to pay operation and maintenance expenses of wastewater system of the District, and to meet the debt service coverage requirements of the Bond Resolutions and Supplemental Resolution adopted by the Public Service Board (the "Board") of the District on July 13, 1994, and are sufficient to comply with the provisions of the Loan Agreement entered into between the District and the West Virginia Water Development Authority (the "Authority") for the Series 1994 A Bond on July 20, 1994 and the Loan Agreement entered into between the District, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994, for the Series 1994 B Bond on April 19, 1994, as amended.

WITNESS our signature as of this 20th day of July, 1994.

SMITH, COCHRAN & HICKS

Smith, Cochran & Hicks

Certified Public Accountants

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of July, 1994, by and between BOONE-RALEIGH PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia (the "Governmental Agency"), and WHITESVILLE STATE BANK, Whitesville, West Virginia, a state banking corporation (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $1,543,981 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A (the "Series 1994 A Bond"), in the form of one bond numbered AR-1, and its $518,919 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B (the "Series 1994 B Bond"), in the form of one bond numbered BR-1 (collectively, the "Bonds"), pursuant to the Bond Resolutions and a Supplemental Resolution duly adopted July 13, 1994 (the "Resolutions");

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 Resolutions, copies of which are attached as Exhibit A and B hereto and incorporated herein by reference;

WHEREAS, the Resolutions provide for an appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolutions and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolutions 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 Governmental Agency 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 Resolutions, 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 Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolutions shall govern.

6. The Governmental Agency 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 Resolution 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 address:

GOVERNMENTAL AGENCY:

Boone-Raleigh Public Service District
P.O. Box 245
Sylvester, West Virginia 25193
Attention: Chairman

REGISTRAR:

Whitesville State Bank
702 Boone Street
Whitesville, West Virginia 25209
Attention: President and Chief Executive Officer

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolutions.

IN WITNESS WHEREOF, BOONE-RALEIGH PUBLIC SERVICE DISTRICT and WHITESVILLE STATE BANK, Whitesville, West Virginia, 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.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

By: _____
Chairman, Public Service Board

WHITESVILLE STATE BANK
Whitesville, West Virginia

By: _____
Robert L. Milam
President and Chief
Executive Officer

ABB05183

EXHIBIT B

BOND RESOLUTION FOR THE SERIES 1994 B BOND

(See Tab No. 9)

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Whitesville State Bank, a state banking corporation, with its principal office in Whitesville, West Virginia, hereby accepts appointment as the Depository Bank in connection with the Bond Resolutions duly adopted by Boone-Raleigh Public Service District on July 13, 1994, and the Supplemental Resolution adopted July 13, 1994 (collectively, the "Resolutions") authorizing the issuance of Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A, dated July 20, 1994, in the aggregate principal amount of $1,543,981 and the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, dated July 20, 1994, in the aggregate principal amount of $518,919 (collectively, the "Bonds") and agrees to perform all duties of the Depository Bank in connection with such Bonds, all as set forth in said Resolutions.

Witness my signature as of the 20th day of July, 1994.

WHITESVILLE STATE BANK
Whitesville, West Virginia

By: _____
Robert L. Milam
President and Chief
Executive Officer

ABB051BD

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

July 20, 1994

Whitesville State Bank
702 Boone Street
Whitesville, WV 25209

Ladies and Gentlemen:

We herewith hand to you, the duly executed (a) $1,543,981 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A in the form of one bond numbered AR-1 and (b) $518,919 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, in the form of one bond numbered BR-1 (collectively, the "Bonds"), each authorized to be issued under and pursuant to the Bond Resolutions, duly adopted by the Public Service Board (the "Board") of Boone-Raleigh Public Service District (the "District") on July 13, 1994 and a Supplemental Resolution adopted by the Board on July 13, 1994 (collectively, the "Resolutions").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

By: Earle Howell
Chairman, Public Service Board

(SEAL)

Attest:
Betty L. Smith
Secretary, Public Service Board

ABB051C0

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

CERTIFICATE OF REGISTRATION OF BOND

I, Robert L. Milam, President and Chief Executive Officer for Whitesville State Bank, Whitesville, West Virginia, as Bond Registrar (the "Registrar"), hereby certify that on the 20th day of July, 1994, (a) the Bond of Boone-Raleigh Public Service District in the principal amount of $1,543,981 designated "Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A" (the "Series A Bond"), numbered AR-1, and (b) the Bond for the Boone-Raleigh Public Service District in the principal amount of $518,919 designated "Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B" (the "Series 1994 B Bond"), numbered BR-1, and dated as of the date hereof, were registered as to principal and interest for the AR-1 Bond and principal for the BR-1 Bond in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of Whitesville State Bank, Whitesville, West Virginia, as Registrar.

WITNESS my signature as of the 20th day of July, 1994.

WHITESVILLE STATE BANK
Whitesville, West Virginia,
as Registrar

By:
President and Chief
Executive Officer

BOND REGISTER

Whitesville State Bank
Whitesville, WV, as Bond Registrar
for
Boone-Raleigh Public Service District
Sewer Revenue Bond,
Series 1994 A

Boone-Raleigh Public Service District
Sewer Revenue Bond,
Series 1994 B

Bondholder	Bond Number	Registration Amount	Date	Authorized Officer
West Virginia Water Development Authority Dunbar, WV 25064	AR-1	$1,543,981	July 20, 1994	
West Virginia Water Development Authority Dunbar, WV 25064	BR-1	$ 518,919	July 20, 1994	

ABB051BE

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

RECEIPT FOR BOND

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 20th day of July, 1994, in Dunbar, West Virginia, the Authority received (a) the entire original issue of $1,543,981 in aggregate principal amount of Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A (the "Series A Bond") and (b) the entire original issue of $518,919 in aggregate principal amount of Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B (the "Series B Bond") (collectively the "Bonds"), said Bonds being dated the 20th day of July, 1994; and issued in the form of one bond, fully registered to the Authority, and numbered AR-1 and BR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Earl S. Howell, as Chairman of the Public Service Board of the District, by manual signature, and attested by Betty L. Smith, as Secretary of the Public Service Board of the District, by manual signature, and the official seal of said District had been impressed upon such Bonds.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 20th day of July, 1994.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Secretary-Treasurer

ABB051C1

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

$1,543,981 Sewer Revenue Bond, Series 1994 A

$518,919 Sewer Revenue Bond, Series 1994 B

RECEIPT FOR BOND PROCEEDS

The undersigned Betty L. Smith, Secretary of the Public Service Board of the Boone-Raleigh Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $1,543,981 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A, all of the purchase price of said Bond in the amount of $1,543,981 (100% of par value) of which $300,000 was advanced at closing and the remainder to be advanced from time to time up to $1,543,981.

2. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the $518,919 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B, all of the purchase price of said Bond in the amount of $518,919 (100% of par value) of which $25,945 was advanced at closing and the remainder to be advanced from time to time up to $518,919.

IN WITNESS WHEREOF, Boone-Raleigh Public Service District has caused this receipt to be executed by the Secretary of its Public Service Board on this 20th day of July, 1994.

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

By Betty L. Smith
SECRETARY, PUBLIC SERVICE BOARD

ABB05184

AGENCY: ENVIRONMENTAL PROTECTION
TOTAL: $25,945.00

WARRANT #: 8-1344544
DATE: 06/28/94

TRANSACTION ID	INVOICE NUMBER &	PAYEE REFERENCE	INVOICE DATE	PURCHASE ORDER	AMOUNT
I000918205 1			06/14/94		$25,945.00

If you have questions concerning the above, please call 304-759-0506.

REMOVE DOCUMENT ALONG THIS PERFORATION

CTL# 1915991

C.O. UNLESS PRESENTED FOR PAYMENT WITHIN SIX MONTHS

State of West Virginia

STATE CAPITOL, CHARLESTON

WARRANT # **8-1344544**

PAY TO THE ORDER OF BOONE-RALEIGH PSD

JUNE 28, 1994

8-1344544

**********$25,945.00**

Larrie Bailey
STATE TREASURER

Glen B Gainer III
AUDITOR

WEST VIRGINIA TREASURY

⑈8134454⑈ ⑆051902322⑆ 02⑉095⑉9⑈

One Valley Bank, National Association
One Valley Square, P.O. Box 1793
Charleston, WV 25326 Member FDIC

ONEVALLEY BANK

69-3
519

No. 293272

ITEM MISCELLANEOUS DISBURSEMENT
BOONE-RALEIGH PSD-BRIDGE FINANCING-BOND-CAP INTEREST

ONE VALLEY BANK NA $130273dls00cts

A/C #1340813 - WDA SUPPLEMENTAL FUND LS/55

CHECK DATE	AMOUNT
JULY 20, 1994	$130,273.00****

X P
I
II

PAY TO THE ORDER OF WV MUNICIPAL BOND COMMISSION

ONE FINANCIAL PLACE
Financial & Trust Services

Charlotte M Morgan
AUTHORIZED OFFICER

⑈293272⑈ ⑆051900353⑆ ⑈900⑈051 4⑈

One Valley Bank, National Association
One Valley Square, P.O. Box 1793
Charleston, WV 25326 Member FDIC

ONE VALLEY BANK

No. 295030

ITEM

MISCELLANEOUS DISBURSEMENT
FUNDS TO PAY STEP I LOAN: P $5000 SC - $50.

ONE VALLEY BANK $5050dls00cts

#1340813 - WDA SUPPLEMENTAL FUND LS/55

CHECK DATE	AMOUNT
JULY 20, 1994	$5,050.00****

X P

PAY TO THE ORDER OF

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

ONE FINANCIAL PLACE
Financial & Trust Services

AUTHORIZED OFFICER

⑈295030⑈ ⑆051900353⑆ ⑈900⑈051 4⑈

ENDORSEMENTS

NOTICE: ENDORSEMENT OF THIS CHECK WILL BE ACKNOWLEDGEMENT OF PAYMENT IN FULL OF ITEM(S) SHOWN ON FACE.

RETURN IF NOT ACCEPTABLE AS ISSUED

PAY TO THE ORDER OF WV WATER
DEVELOPMENT AUTHORITY
PAYMENT IN FULL STEP I LOAN:
BOONE RALEIGH PUBLIC SERVICE DISTRICT

BY: _____
(AUTHORIZED SIGNATURE)

DISBURSEMENT REQUEST FORM

Whitesville State Bank
702 Boone Street
Whitesville, WV 25209

Re: Boone-Raleigh Public Service District $1,543,981 Sewer Revenue Bond, Series 1994 A [and $518,919 Sewer Revenue Bond, Series 1994 B]

Ladies and Gentlemen:

You are authorized, on behalf of Boone-Raleigh Public Service District, to make the following disbursements* from the Bond Construction Trust Fund:

The expenses listed above have been incurred as Costs of the Project that have not been the basis of any previous disbursement. Each item listed above for which payment is now due and owing is or was necessary in connection with the Project and has been otherwise properly incurred. A copy of the Resolutions of Boone-Raleigh Public Service District authorizing the disbursements is attached hereto.

Very truly yours,

BOONE-RALEIGH PUBLIC SERVICE DISTRICT

By: _____
Authorized Officer

GHOSH ENGINEERS, INC.

By: _____
Authorized Officer

Date: _____

*Invoices attached.

WRD 1A-82
Revised 3/93

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR, AND ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0086525

Subject: Sewage Facilities

Issue Date: April 21, 1994

Effective Date: May 21, 1994

Expiration Date: April 20, 1999

Supersedes: WV/NPDES Permit No. WV0024414; Issue Date: October 21, 1985, NPDES Permit No. WV0027316; Effective Date: November 22, 1975, State WPC Permit No. 3221

Location: Whitesville (City) Boone (County) Kanawha (Drainage Basin)

Outlet Sites: Latitude: 37°59'15"N Longitude: 81°32'35"W

To whom it may concern:

This is to certify that Boone-Raleigh Public Service District
P. O. Box 245
Sylvester, WV 25193

is hereby granted a NPDES Water Pollution Control Permit to acquire, construct, install, operate and maintain a wastewater collection system and a 0.2 MGD sequential batch reactor wastewater treatment plant which are further described as follows.

A wastewater collection system to be comprised of approximately 8,800 linear feet of four(4) inch diameter gravity sewer service line, 600 linear feet of six(6) inch diameter gravity sewer service line, 8,200 linear feet of six(6) inch diameter gravity sewer line, 31,400 linear feet of eight(8) inch diameter gravity sewer line, 1,100 linear feet of 10 inch diameter gravity sewer line, 249 manholes, 45 cleanouts, 10 lift stations, 310 linear feet of one and one half(1½) inch diameter force main, 320 linear feet of two(2) inch diameter force main, 3,600 linear feet of three(3) inch diameter force main, 4,000 linear feet of four(4) inch diameter force main, 8,800 linear feet of six(6) inch diameter force main, 1,900 linear feet of eight(8) inch diameter force main, and all requisite appurtenances.

(Continued on Page 2)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

Finding of No Significant Impact
FNSI-WV-114 Amendment

DATE:

To All Interested Parties:

In accordance with EPA regulations for complying with the National Environmental Policy Act of 1969 (P.L. 91-190), an Environmental Review has been performed on the proposed project as described below and on the attached Environmental Assessment:

Boone-Raleigh PSD
Facilities Plan
EPA No. C-540306-02

(Official Project Name and Number)

Boone-Raleigh PSD
Post Office Box 245
Sylvester, West Virginia 25193

(Project Applicant)

Sylvester/Whitesville
Boone County, West Virginia

(Project Location, City, County, State)

$3,195,990.00

(Estimated EPA Financial Share)

$6,054,531.00/$5,810,930.00

(Estimated Total Project Cost/Estimated Eligible Cost)

The review process indicated that either significant environmental impacts would not result from the proposed action or significant adverse impacts have been eliminated by making changes in the project. Consequently, a preliminary decision not to prepare an Environmental Impact Statement has been made.

This action is taken on the basis of a careful review of the Environmental Information Document, and other supporting data. These documents are on file in the EPA office and are available for public review on request. Additional copies of the Environmental Assessment will be made available at cost upon request.

Comments supporting or disagreeing with this preliminary decision may be submitted for consideration to EPA. After evaluating the comments received, the Agency will make a final decision no sooner than thirty (30) calendar days from the date of this Finding of No Significant Impact. No administrative action will be taken with respect to this proposal during this time frame.

William M. Bulman, Chief
Construction Grants Branch
Water Management Division

ENVIRONMENTAL ASSESSMENT
FOR THE
BOONE-RALEIGH PUBLIC SERVICE DISTRICT
BOONE COUNTY, WEST VIRGINIA
EPA No. C-540306-02

I. Introduction

The planning area studied in this facilities plan is the Boone-Raleigh Public Service District (PSD) located in Boone County, West Virginia. The facilities plan proposes the construction of a new 175,000 gallons per day (GPD) secondary sewage treatment plant. The project will also include a gravity collection system to serve Elk Run, Seng Creek, Janie, Sylvester, Pack's Branch and Branham Heights.

II. Proposed Project

The Boone-Raleigh PSD's proposed treatment facilities will include a bar screen, flow measurement, a sequencing batch reactor (SBR), chlorine disinfection, an aerated sludge holding tank, belt filter press and a control/equipment building.

The proposed gravity collection system will require approximately 1,133 linear feet (LF) of 10 inch sewer lines, 31,394 LF of 8 inch sewer lines, 8,168 LF of 6 inch sewer lines, 249 manholes and 46 cleanouts. This system will insure a non-excessive rate of infiltration/inflow (I/I).

The proposed forcemain collection system will require approximately 1,840 LF of 8 inch lines, 9,270 LF of 6 inch lines, 3,452 LF of 4 inch lines, 4,182 LF of 3 inch lines, 242 LF of 2 inch lines, 230 LF of 1 1/2" lines, 16 cleanouts and 10 pump stations.

The proposed project will serve the Boone-Raleigh PSD located in Boone County, West Virginia. The initial population equivalent served by the project is approximately 1,771. The projected growth to the year 2009 is insignificant (approximately-0.1%/year); therefore, no increase in capacity for future flows is required. Phased construction was, therefore, not considered and the initial population, in accordance with current Environmental Protection Agency (EPA) regulations, will be used for design.

III. Purpose and Need

The purpose of this project is to enable the Boone-Raleigh PSD to comply with the provisions of the Clean Water Act as administered by EPA and eliminate the existing health hazards evident in the community.

IV. Description of the Existing Environment Without the Project

Presently, the environment of the planning area is affected by the poor functioning of the private sewage disposal methods utilized in the Boone-Raleigh PSD, coupled with the absence of any type of disposal in various areas. The planning area has had documented nuisance complaints from the Madison-Boone County Health Department concerning open sewers and direct discharges to Seng Creek and the Big Coal River. Continued utilization of the existing facilities will increase the risk of additional health hazards in the community.

V. Evaluation of Alternates

Four (4) types of collection systems were evaluated to serve the planning area. These were:

1. Conventional Gravity Flow System
2. Grinder Pump-Pressure System
3. Small Diameter Gravity System
4. Vacuum Collection System

On the basis of the cost-effective analysis, reasonable user rate, and process reliability, the conventional gravity flow system was selected for the project area.

Alternatives evaluated for the treatment of Boone-Raleigh PSD's sewage were:

1. Aerated Lagoon
2. Extended Aeration
3. Sequencing Batch Reactor
4. Oxidation Ditch
5. Tricking Filter

Based on the following criteria, the utilization of the Sequencing Batch Reactor alternative was selected:

1. Cost-effective Analysis
2. Environmental Effects
3. Reliability
4. Energy and Resource Use
5. Land Requirements

Costs for the Boone-Raleigh PSD project are as follows:

	EPA	SRF
Total Project Cost	$6,054,531.00	$518,919.00
Total Eligible Project Cost	$5,810,930.00	$518,919.00
Total Construction Cost	$5,058,102.00	$187,637.00
Total Eligible Construction Cost	$4,870,465.00	$187,637.00
Step III Grant	$3,195,990.00	$ 0.00
Step II Allowance	$ 260,548.00	$ 0.00

*User Charge (Monthly) ------ $28.84/mo(avg) ----

*The resulting user charge is $28.84/month/4,500 gallons. Based on this area's annual median income of $16,362.00 per family, the financial affordability analysis showed a ratio of 2.12% for the Boone-Raleigh PSD, which is above the 1.5% high cost benchmark outlined by the EPA for such an income level. Therefore, as a condition placed on approval of the proposed project, a continued effort is to be made to secure monetary assistance to insure that the proposed user charge will remain as low as possible and will not increase in any significant amount.

VI. Description of Existing Environment

Through the use of an Environmental Screening Checklist, this office has determined that the following factors/ amenities either do not exist within the service area of this wastewater treatment program or the resulting environmental effects are inconsequential or beneficial and thus do not warrant further attention in the Environmental Assessment:

- Air Quality
- Noise
- Fish and Wildlife Resources
- Sludge Disposal
- Loss of Prime Agricultural Land
- Excessive Energy Consumption
- Visual Effects/Community Amenities
- Socio-economic Considerations
- Wild and Scenic Rivers
- Other Environmentally Sensitive Areas
- Surface/Groundwater Resources - Quantity Related
- Wetlands/Floodplains
- Historical/Archaeological Sites
- Endangered or Threatened Species

A Phase I Archaeological Survey was conducted at the wastewater treatment plant site, no archeological deposits were found.

VII. Environmental Consequences

The major impacts of this project are both primary and secondary, adverse and beneficial. The primary beneficial impacts will be the improvements of the water quality in Seng Creek and the Big Coal River. Primary adverse impacts will be limited to dust, noise, air pollution and erosion during the construction phase of the project. These impacts will be short-term and will be minimized to every practical extent. The secondary beneficial impacts will include improved aesthetics in the project area. Secondary or long term adverse impacts will be associated with possible increased land usage and population. However, because of the general

topography and economic base, both of these impacts will be minimal. The long term beneficial impacts of improved water quality and decreased health hazards will far outweigh the adverse impact related to the construction of the system in the planning area.

VIII. Mitigating Measures

The primary adverse impacts of noise, dust, erosion, air pollution and sedimentation during construction will be mitigated by utilizing good construction practices which include proper scheduling of the work hours, erosion and sedimentation controls, prompt clean-up and reseeding after construction. These mitigating measures will be enforced by the engineering firm to ensure that no lasting detrimental environmental consequences will be associated with the project.

The two conditions placed on the approval of this project (mentioned in Section V and IX) require the grantee to examine all alternative financing and grant sources to insure no significant change in the proposed user charge, and to develop a continuing public participation program during the design and construction.

IX. Public Participation

A public meeting was held on July 19, 1989 at the Salami Memorial Park in Whitesville. The purpose of this meeting was to present the proposed recommendations of the facility plan and projected user charges to the public. The meeting was advertised as to date, time and place of the meeting. No significant opposition was expressed at the meeting. Subsequent meetings and hearings have been held during the approval process to obtain public comment.

X. Documentation

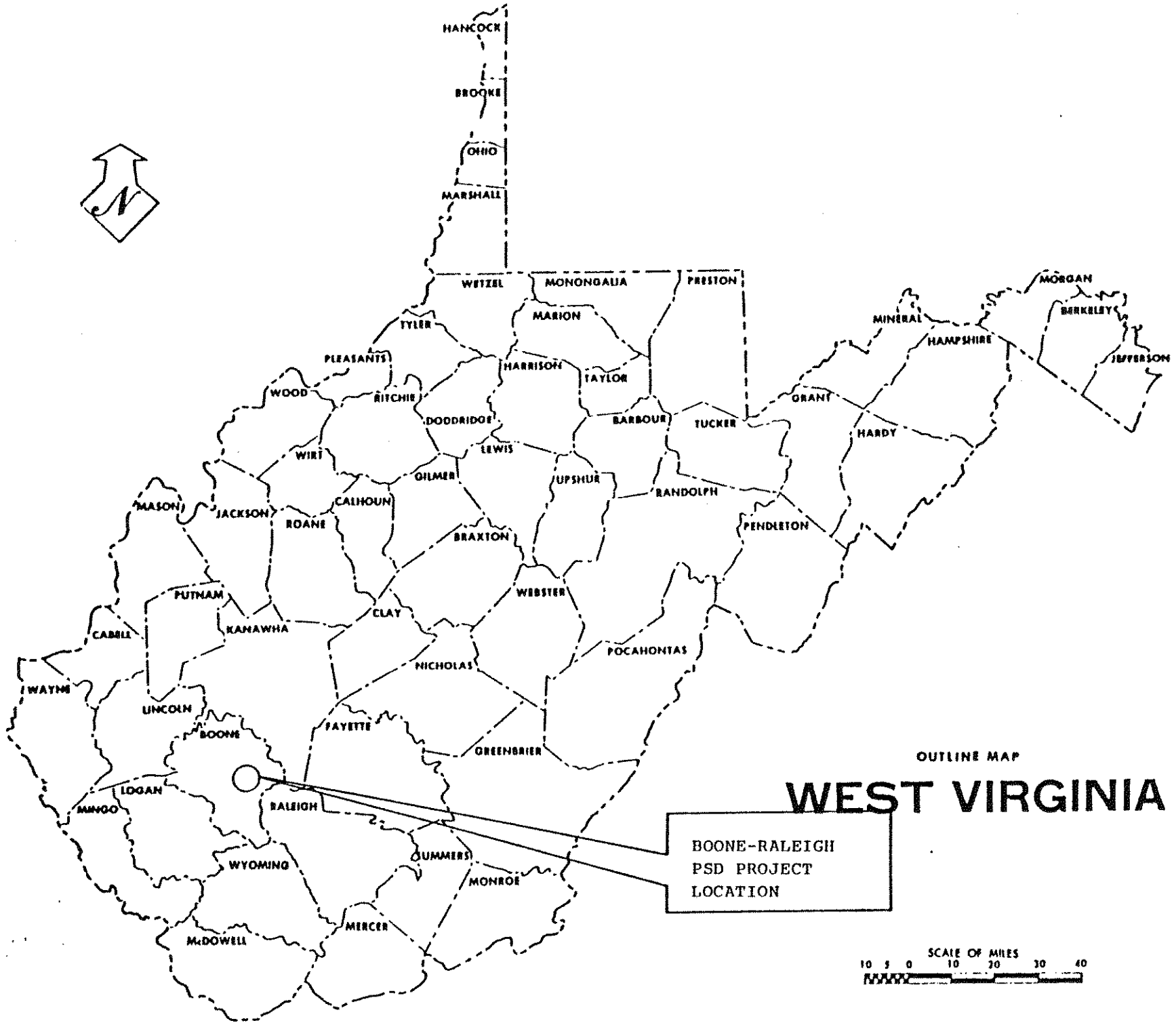
References utilized to complete this Environmental Assessment were:

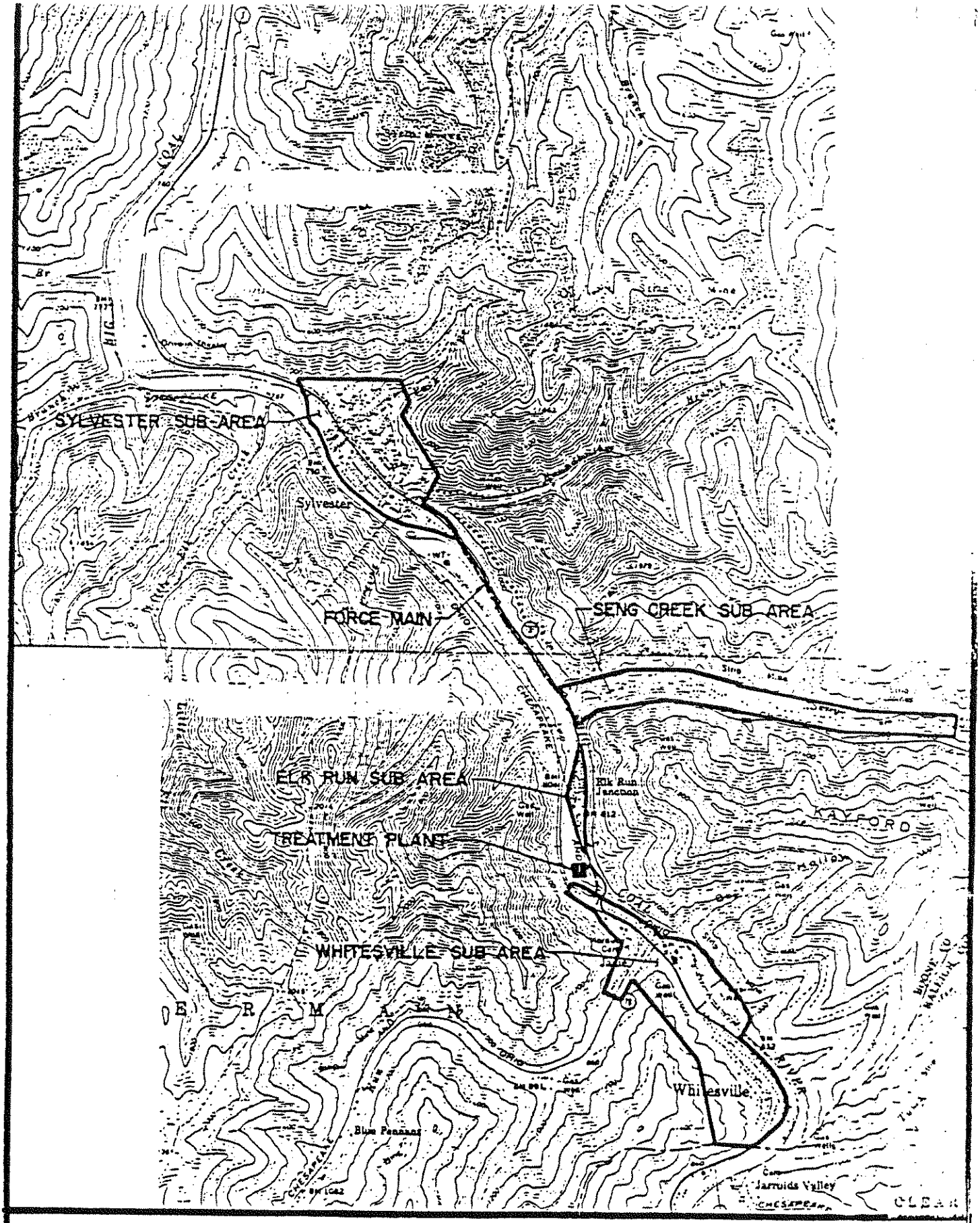
1. The Boone-Raleigh PSD Facilities Plan, July, 1989; prepared by Ghosh Engineers, Incorporated

2. The Facilities Planning Checklist

3. The Environmental Screening Checklist

4. The Bid Tabulations; submitted by Ghosh Engineers, Incorporated


HANCOCK
BROOKE
OHIO
MARSHALL
WETZEL
MONONGALIA
PRESTON
MARION
TYLER
PLEASANTS
HARRISON
TAYLOR
WOOD
RITCHIE
DODDRIDGE
BARBOUR
TUCKER
WIRT
LEWIS
GILMER
UPSHUR
RANDOLPH
MASON
JACKSON
ROANE
CALHOUN
BRAXTON
PUTNAM
CLAY
WEBSTER
CABELL
KANAWHA
POCAHONTAS
NICHOLAS
WAYNE
LINCOLN
BOONE
FAYETTE
GREENBRIER
LOGAN
MINGO
RALEIGH
WYOMING
SUMMERS
MONROE
MERCER
McDOWELL
MORGAN
BERKELEY
MINERAL
HAMPSHIRE
JEFFERSON
GRANT
HARDY
PENDLETON
N
BOONE-RALEIGH
PSD PROJECT
LOCATION
OUTLINE MAP
WEST VIRGINIA
SCALE OF MILES
10 5 0 10 20 30 40



PROPOSED WASTEWATER SYSTEM IMPROVEMENTS
BOONE - RALEIGH PUBLIC SERVICE DISTRICT

SCALE : 1" = 2000'

MARCH , 1989

GHOSH ENGINEERS INC

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

Gaston Caperton
Governor

John M. Ranson
Cabinet Secretary

David C. Callaghan
Director

Ann A. Spaner
Deputy Director

July 19, 1994

Susan M. Pierce
Deputy State Historic Preservation Officer for Resource Protection
The Cultural Center
1900 Kanawha Boulevard, East
Charleston, WV 25305

RECEIVED JUL 19 1994

RE: Boone-Raleigh PSD
EPA No. C-540306-02

Dear Susan:

Please find attached a previous approval letter for the above referenced project as well as a letter from Ghosh Engineers, Inc., explaining the history of the project.

The scope of the project has not changed since the November 16, 1989 letter issued by William G. Farrar, only the sources of funding changed, which required a revised "FONSI", which was the reason for the recent submittal to the WV Division of Culture and History. Therefore, it is our opinion that the Phase I Archaeological requirements have been met and it is this office's intent to approve the facilities plan.

I appreciate your assistance in this matter. If you have any questions or require additional information, please contact David Carovillano of our Construction Assistance office at (304) 558-0633 or TDD (304) 558-2751.

Sincerely,

OFFICE OF WATER RESOURCES

Mark A. Scott
Chief

MAS/dcl
Enclosures (2)
cc: William Cunningham, Ghosh Eng., Inc.
Boone Raleigh PSD
Mike Johnson, CAP

Ghosh Engineers Inc.

CONSULTING ENGINEERS

June 23, 1994

David Carovillano
Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

RE: Boone-Raleigh PSD
Wastewater System Improvements Project

Dear Mr. Carovillano:

We have researched the letter you recently received relative to the SRF FONSI for the aforementioned project.

The same request was made in March, 1989, during the planning phase of the project. The District hired an approved archaeological consultant (Horizon Research) to perform the survey. The study was approved and clearance given by the Division of Culture and History in November, 1989 (reference November 16, 1989 letter).

As you are aware, the federal contract provisions and contract documents require that, in the event any items of historical and archaeological significance are encountered, construction is to stop and a detailed analysis (study) performed before any more work is performed.

Based upon the above we feel confident this matter will be resolved, once the Division of Culture and History reviews their files and the clearances they have issued which has resulted in the development of a $6.5 million project.

Should you have a question or require additional information, please do not hesitate to contact us.

Sincerely,

GHOSH ENGINEERS, INC.

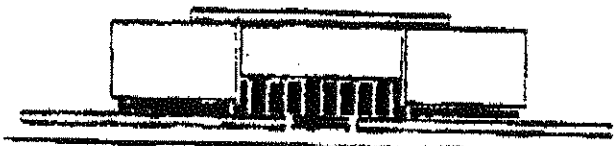
William E. Cunningham
Project Manager

WEC/lw

cc: Boone-Raleigh PSd

Post-it™ Fax Note 7671 Date 6-23 # of pages ▶ 9
To David C... From Bill Cunningham
Co./Dept. Co.
Phone # Please call me Phone #
Fax # Fax #

DEPARTMENT OF EDUCATION AND THE ARTS • DIVISION OF CULTURE AND HISTORY



STATE OF WEST VIRGINIA
GASTON CAPERTON, GOVERNOR

DR. STEPHEN E. HAID, SECRETARY

WILLIAM M. DRENNEN, JR., COMMISSIONER

November 16, 1989

Ms. Gloria Gozdzik
Horizon Research Consultants
Route 5, Box 120 B
Morgantown, West Virginia 26505

RE: Boone/Raliegh Service District and Ghosh Engineers
FR#: 90-066-30

Dear Ms. Gozdzik:

We have reviewed the above-referenced project to determine effects to cultural resources as required by Section 106 of the National Historic Preservation Act of 1966, as amended, and its implementing regulations, 36 CFR 800: "Protection of Historic Properties."

No known historical, architectural, or archaeological sites listed on or eligible for inclusion in the National Register of Historic Places will be affected by this project.

We appreciate the opportunity to be of service. If you have any questions regarding our comments or the Section 106 process, please call James D. Bloemker, Staff Archeologist.

Sincerely,

William G. Farrar
Deputy State Historic Preservation Officer

WGF/JDB:lso

JACKSON & KELLY
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

300 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26302
TELEPHONE 304-623-3002

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

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

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

WRITER'S DIRECT DIAL NO.

July 20, 1994

Public Service Board
Boone-Raleigh Public Service District
P. O. Box 245
Sylvester, West Virginia 25193

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

Re: $1,543,981 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A

Ladies and Gentlemen:

We are bond counsel to Boone-Raleigh Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 20, 1994, 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 the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 A of the Governmental Agency, dated July 20, 1994 (the "Series 1994 A Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 1994 A Bond is in the principal amount of $1,543,981, issued in the form of one bond registered to the Authority, with principal payable October 1 of each year, beginning October 1, 1996, and with interest payable April 1 and October 1 of each year, beginning October 1, 1994, at the rate set forth in Exhibit A incorporated in and made a part of the Series 1994 A Bond.

The Series 1994 A Bond is issued for the purposes of paying a portion of the costs of acquiring and constructing a sewerage distribution system for the Governmental Agency (the "Project"), paying interest on the Series 1994 A Bond during construction of the Project and for up to six months thereafter and paying certain issuance and other costs in connection therewith.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Series 1994 A Bond, as provided in the Local Act.

7. The interest on the Series 1994 A Bond is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the preceding sentence is subject to the condition that the Governmental Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1994 A Bond in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 1994 A Bond to be includable in gross income retroactive to the date of issuance of the Series 1994 A Bond. The Governmental Agency has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences with respect to the Series 1994 A Bond.

8. The Series 1994 A Bond and the interest thereon are, by the Local Statute, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State.

It is to be understood that the rights of the holders of the Series 1994 A Bond and the enforceability of the Series 1994 A Bond and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed Series 1994 A Bond numbered AR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

Dinsmore & Kelly

ABB051C4

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

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TELEPHONE 202-973-0200

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

WRITER'S DIRECT DIAL NO.

July 20, 1994

Public Service Board
Boone-Raleigh Public Service District
P. O. Box 245
Sylvester, West Virginia 25193

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

State of West Virginia
Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, WV 25301

Re: $518,919 Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B

Ladies and Gentlemen:

We are bond counsel to Boone-Raleigh Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated April 19, 1994, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment as of July 1, 1994 (the "DEP"), and (ii) the issue of the Boone-Raleigh Public Service District Sewer Revenue Bond, Series 1994 B of the Governmental Agency, dated July 20, 1994 (the "Series 1994 B Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 1994 B Bond is in the principal amount of $518,919, issued in the form of one bond registered to the Authority, with principal payable March 1, June 1, September 1 and December 1 of each year, beginning December 1, 1995.

The Series 1994 B Bond is issued for the purposes of paying a portion of the costs of acquiring and constructing a sewerage distribution system for the Governmental Agency (the "Project"), paying interest on the Series 1994 B Bond during construction of the Project and for up to six months thereafter and 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"), under which the Series 1994 B Bond is issued, and the Loan Agreement that has been undertaken. The Series 1994 B Bond has been authorized by a bond resolution (the "Resolution") and a Supplemental Resolution duly passed by the Governmental Agency on July 13, 1994 (collectively the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in the Loan Agreement. The Series 1994 B Bond is 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 and DEP or diminish the obligations of the Governmental Agency without the consent of the Authority or DEP.

3. The Governmental Agency is a duly organized and presently existing public corporation 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 Series 1994 B Bond, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Series 1994 B Bond.

5. The Series 1994 B Bond is 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 are secured by a first lien on and pledge of the net revenues of said System on a parity as to security and source of payment with the Governmental Agency's $1,543,981 Sewer Revenue Bond, Series 1994 A.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Series 1994 B Bond, as provided in the Local Act.

It is to be understood that the rights of the holders of the Series 1994 B Bond and the enforceability of the Series 1994 B Bond and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed Series 1994 B Bond numbered BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

Jackson & Kelly

ABB063A7

HANNA AND HANNA

Attorneys-At-Law
1510 Kanawha Boulevard, East
Charleston, West Virginia 25311
(304) 342-2137
FAX (304) 342-2130

HOMER W. HANNA, JR.
1926-1993

SAMUEL F. HANNA
H. WYATT HANNA, III

MAILING ADDRESS:
P.O. BOX 2311
CHARLESTON, W. VIRGINIA 25328

July 20, 1994

Boone-Raleigh Public Service District
P.O. Box 245
Sylvester, WV 25193

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

State of West Virginia
Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, WV 25301

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

RE: Boone-Raleigh Public Service District $1,543,981 Sewer Revenue Bond, Series 1994 A, and $518,919 Sewer Revenue Bond, Series 1994 B

Gentlemen:

I am Counsel to the Boone-Raleigh Public Service District (the "District"). As such Counsel, I have examined copies of the approving opinion of Jackson & Kelly, as Bond Counsel, relating to the above-captioned Bonds, Bond Resolutions adopted by the Public Service Board of the District on July 13, 1994, as supplemented by a Supplemental Resolution adopted July 13, 1994 (collectively, the "Resolutions") and other documents relating to the above-captioned Bonds of the District. Terms used in said opinions and Resolutions and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The District was duly and legally created and the members of the Public Service Board (the "Board") of the District were duly and properly elected or appointed and are thereby authorized to act on behalf of the District.

2. The Resolutions have been duly adopted by the District and are in full force and effect.

3. The District has received a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia ("PSC") on May 19, 1993, being designated as Case No. 92-0488-PSD-CN, and a Final Order dated July 18, 1994, being designated as Case No. 92-0488-PSD-CN (Reopened), approving rates and charges, total revised project costs, and financing for this project. Said Orders are in full force and effect.

4. The District has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project. The District, on May 19, 1993, as aforesaid, received a Certificate of Public Convenience and Necessity with respect to the Project from the Public Service Commission and said Certificate is in full force and effect and the appeal period thereon has expired without appeal.

5. There is presently pending in the United States District Court for the Southern District of West Virginia, a condemnation proceeding between the Boone-Raleigh Public Service District and CSX Transportation, Inc., a Virginia corporation, the property owner, with regard to the valuation of the property which is being acquired for the treatment plant facility and the accompanying appurtenances with regard to this project. Further, it will be necessary for the District to institute several condemnation actions in the Circuit Court of Boone County, West Virginia, to acquire several site components, including easements and/or right-of-ways for this project. In the opinion of this Counsel, based upon available information, the District has allocated sufficient funds to cover these necessary property acquisitions and these matters will not have a significant impact on the funding for this project.

To the best of my knowledge, there are no additional actions, suits, proceedings or investigations at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds, the construction of the Project, the operation of the System or the collection of Revenues or the pledge of Net Revenues to the payment of the Bonds.

6. By Resolution adopted July 13, 1994, the District adopted a schedule of rates to be charged for use of the system. This schedule of rates has been approved by the Public Service Commission. An independent Certified Public Accountant has certified that the rates are sufficient to pay operation and maintenance expenses of the System, to pay debt service on the Bonds, and to meet the coverage requirements in the Bond Resolutions and the Loan Agreements. Under the Act, the District has full authority to establish rates and pledge revenues from said rates to the payment of the Bonds.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

(13)

HANNA AND HANNA

Attorneys-At-Law
1510 Kanawha Boulevard, East
Charleston, West Virginia 25311
(304) 342-2137
FAX (304) 342-2130

HOMER W. HANNA, JR.
1926-1993

MAILING ADDRESS:
P.O. BOX 2311
CHARLESTON, W. VIRGINIA 25328

SAMUEL F. HANNA
H. WYATT HANNA, III

May 16, 1994

Ms. Carrie L. Grimm
Department of Commerce, Labor and
Environmental Resources
Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

RE: Boone-Raleigh Public Service District,
Boone County, West Virginia
Project No. C-540306-02

Dear Ms. Grimm:

This firm represents the Boone-Raleigh Public Service District with regard to the above referenced project. This Title Opinion is being provided to you on behalf of my client for both the Part B requirements for the District's United States Environmental Protection Agency Grant and to satisfy your Division's requirements with regard to the District's loan through the State Revolving Fund administered by your office. As such, please be advised of the following:

1. That I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites (including easements and/or rights-of-way) being provided by the Grantee, Boone-Raleigh Public Service District, for all of the water pollution control facilities identified under Project No. C-540306-02.

2. That I am in the process of examining the records on file in the Office of the Clerk of the County Commission of Boone County, West Virginia, the county in which this project is to be located, and, in my opinion, the Grantee, Boone-Raleigh Public Service District, has, or will acquire through the process of formal condemnation, prior to issuing the Notices to Proceed to the apparent low bidders with regard to the construction contracts for this project, legal title or such other estate or interest in the necessary site components for the above referenced project, including easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities to be constructed.

3. That the Grantee, Boone-Raleigh Public Service District, if necessary, will institute formal condemnation proceedings to acquire the necessary site components, including easements and/or rights-of-way for the project to assure undisturbed use and possession for the estimated life of the facilities to be constructed.

4. That any deeds or other documents which have been acquired to date by the Grantee, Boone-Raleigh Public Service District, have or will be duly recorded in the aforesaid Clerk's Office in order to protect the title of the owner and interest of the Grantee. I have been advised by the Right-of-Way Agents employed by the Grantee that, to date, over ninety percent (90%) of the necessary easements and rights-of-way for this project have been acquired.

5. That I have been advised by representatives of Ghosh Engineers, Inc., of Charleston, West Virginia, the consulting engineer for the Grantee, Boone-Raleigh Public Service District, that all of the necessary permits as may be required by governing authorities have or will be acquired for this project, prior to issuing the Notices to Proceed to the apparent low bidders for this project. The Boone-Raleigh Public Service District has petitioned the Public Service Commission of West Virginia to formally reopen Case No. 92-0488-PSD-CN, in order to amend the Certificate of Convenience and Necessity which was granted by the Public Service Commission on May 19, 1993, for this project. To date, this reopening request is still pending before the Commission, and the necessary authorization will be obtained prior to issuing the aforesaid Notices to Proceed.

If you should have any questions regarding this matter or any of the information contained in this letter, please do not hesitate to contact this office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

cc: Boone-Raleigh Public Service District
Paul Ghosh
Todd Dingess
Joel J. Nunes
Charles Gray
Mike Johnson