

CENTER PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds,
Series 1989 A and Series 1989 B**

Date of Closing: November 22, 1989

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CENTER PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS,
SERIES 1989 A AND SERIES 1989 B
and
INTERIM CONSTRUCTION FINANCING**

BOND AND NOTES RESOLUTION

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CENTER PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF CENTER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 A, NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN \$1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting of acquisition and construction of a treatment plant, laboratory building, vacuum sludge beds and upgrading of collection lines, together with all appurtenant facilities (collectively, the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$2,748,180, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$2,000,000 in two series, being the Series 1989 A Bonds in the aggregate principal amount of not more than \$1,500,000, and the Series 1989 B Bonds in the aggregate principal amount of not more than \$500,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than \$1,000,000 to temporarily finance costs of construction and acquisition 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 upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of

costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes 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 same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There is an outstanding obligation of the Issuer which will rank senior and prior to the Bonds as to liens and sources of and security for payment, being the Sewer Revenue Bonds, dated September 1, 1960, issued in the original aggregate principal amount of \$420,000, of which \$210,000 remains outstanding as of the date of adoption of this Resolution (the "Prior Bonds").

The Series 1989 A Bonds shall be issued junior and subordinate to the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Series 1989 B Bonds shall be issued junior and subordinate to the Prior Bonds and the Series 1989 A Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Net Revenues, if necessary, all as

shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or any of the Notes or such final order will not be subject to appeal.

I. The Issuer has received the written consent of the Authority to issuance of the Bonds junior and subordinate with respect to liens, pledges and sources of and security for payment to the Prior Bonds.

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

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

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

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

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bond Year" means 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.

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

"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 the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Consulting Engineers" means Joyce Engineering, Inc., Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"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 Series 1989 A 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 Series 1989 A 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 of the FDIC.

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

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

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

"Grant" means the EPA Grant.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, 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 and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes; provided that, "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds," except as otherwise provided in the Regulations, 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 Series 1989 A 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 Series 1989 A 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 Series 1989 A 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 bonds and which are deemed to become proceeds of the Series 1989 A Bonds ratably as original proceeds of the Series 1989 A 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 of the Series 1989 A Bonds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1989 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such fund to pay Debt Service on the Series 1989 A Bonds;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund with respect to the Series 1989 A Bonds;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1989 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1989 A Bonds;

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

(ix) Such other amounts designated as Gross Proceeds under the Code and/or Regulations and not set forth hereinbefore in this definition of Gross Proceeds.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean 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, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into

between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1989 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series A Bonds 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 Series 1989 A 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.

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

"Notes" means collectively, the not more than \$1,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses,

other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$1,500,000 in aggregate principal amount of Series 1989 A Bonds and the not more than \$500,000 in aggregate principal amount of Series 1989 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means any other grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar or Registrar for Prior Bonds, or Notes Registrar, at or prior to said date; (ii) any Bond or Note or Prior Bonds, 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 or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, or holders of Prior Bonds or any Bonds or Notes or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means the Sewer Revenue Bonds of the Issuer, dated September 1, 1960, issued in the original principal amount of \$420,000, of which \$210,000 remains outstanding as of the date of adoption of this Resolution.

"Prior Resolution" means the resolution of the Issuer adopted August 10, 1960, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of the Issuer, consisting generally of a treatment plant, laboratory building, vacuum sludge beds and upgrading of collection lines, together with all appurtenant facilities.

"Purchase Price," for the purpose of computation of the Yield of the Series 1989 A 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 Series 1989 A Bonds 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 Series 1989 A

Bonds of each maturity is sold or, if the Series 1989 A Bonds are privately placed, the price paid by the first buyer of the Series 1989 A Bonds or the acquisition cost 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 Series 1989 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1989 A Bonds.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government

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

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

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

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

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

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

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

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

"Series 1989 A Bonds" or "Series A Bonds" means the not more than \$1,500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1989 A, of the Issuer.

"Series 1989 A Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1989 A Bonds in the then current or any succeeding year.

"Series 1989 A Bonds Sinking Fund" means the Series 1989 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1989 B Bonds" or "Series B Bonds" means the not more than \$500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1989 B, of the Issuer.

"Series 1989 B Bonds Reserve Account" means the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in the then current or any succeeding year.

"Series 1989 B Bonds Sinking Fund" means the Series 1989 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and,

when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"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 Series 1989 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF 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, at an estimated cost of \$2,748,180, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1989 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$2,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1989 A," in the aggregate principal amount of not more than \$1,500,000, and "Sewer Revenue Bonds, Series 1989 B," in the aggregate principal amount of not more than \$500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount

equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

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

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

of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds 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 Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified

as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Prior Bonds and the Series 1989 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, the Depreciation Fund and the Renewal and Replacement Fund, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1989 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTER PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1989 A

No. AR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That CENTER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wyoming County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 19__ and a Supplemental Resolution duly adopted by the Issuer on _____, 19__ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of \$_____, which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S SEWER REVENUE BONDS, DATED SEPTEMBER 1, 1960, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$420,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay

provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1989 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1989 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 Bond 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 Bond Legislation, 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 Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

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

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

[Form of Series 1989 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTER PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1989 B

No. BR-__

\$_____

KNOW ALL MEN BY THESE PRESENTS: That CENTER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wyoming County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 19__ and a Supplemental Resolution duly adopted by the Issuer on _____, 19__ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, DATED SEPTEMBER 1, 1960, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$420,000 (THE "PRIOR BONDS") AND

(ii) SEWER REVENUE BONDS, SERIES 1989 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1989 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds and the Series 1989 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1989 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1989 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1989 A Bonds and all other obligations secured by a lien on or

payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 B Bonds Reserve Account and the reserve account established for the Series 1989 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1989 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1989 A Bonds.

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

and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

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

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

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

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1989 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1989 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1989 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$1,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Net Revenues (if issued in the form of bond anticipation notes) or the Grant Receipts, the Surplus Revenues, the letter of credit proceeds and other sources described in the Indenture or supplemental resolution (if issued in the form of grant anticipation notes or a line of credit). The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain

certificates, the sum or sums set forth therein but not to exceed \$1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Resolution and therein called the "Sewer Revenue Fund");
- (2) Operation and Maintenance Fund (established by the Prior Resolution);
- (3) Depreciation Fund (established by the Prior Resolution);
- (4) Reserve Fund (established by the Prior Resolution);
- (5) Renewal and Replacement Fund;
- (6) Bond Construction Trust Fund;
- (7) Earnings Fund; and
- (8) Rebate Fund.

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

- (1) Prior Bonds Sinking Fund (established by the Prior Resolution and therein called the "Sinking Fund").
- (2) Series 1989 A Bonds Sinking Fund;
 - (a) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account.
- (3) Series 1989 B Bonds Sinking Fund;
 - (a) Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account.

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

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

(2) The Issuer shall next each month transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Resolution to be deposited in the Prior Bonds Sinking Fund for payment of the principal of and interest on the Prior Bonds and the maintenance of the reserves provided for in the Prior Resolution.

(3) The Issuer shall next (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1989 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1989 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1989 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1989 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to

provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 A Bonds, if not fully funded upon issuance of the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1989 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund an amount equal to 10% of the Gross Revenues paid into the Revenue Fund and shall deposit the same in the Depreciation Fund heretofore established by the Prior Resolution until there has been accumulated therein the sum of \$40,000, and thereafter such sums as shall be required to maintain such amount therein. Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes:

(i) To meet special or unforeseen emergencies or renewal or replacement work in connection with the operation and maintenance of the System or for the payment of the cost of extensions and improvements to the System;

(ii) To, first, meet the payment of interest on or principal of the Prior Bonds to whatever extent and if for any reason funds in the Prior Bonds Sinking Fund are insufficient for such purpose, and next to restore to the reserves established with respect to the Prior Bonds any sum or sums transferred therefrom; thereafter, and provided that payments into the Sinking Fund and reserves for the Prior Bonds are current and in accordance with the provisions of the Prior Resolution and the foregoing provisions, to the extent necessary to meet the principal, interest and reserve payments upon the Series 1989 A Bonds if for

any reason moneys in the Series 1989 A Bonds Reserve Account are insufficient therefor; and

(iii) To meet payment of Operating Expenses of the System to whatever extent and if for any reason funds in the Operation and Maintenance Fund are insufficient for that purpose.

(6) Subsequent to the payment in full or legal defeasance of the Prior Bonds, 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 reserves established with respect to the Prior Bonds or the Series 1989 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1989 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 B Bonds, if not

fully funded upon issuance of the Series 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1989 B Bonds Reserve Requirement.

(9) The Issuer shall next, each month, transfer from the Revenue Fund to the Reserve Fund heretofore established by the Prior Resolution, the balance in the Revenue Fund in excess of the estimated amounts to be paid into the Operation and Maintenance Fund and the Prior Bonds Sinking Fund for three succeeding months, all in accordance with the Prior Resolution. Withdrawals and disbursements shall be made from said Reserve Fund to meet any deficiencies in the various special funds hereinbefore provided, and if there are no deficiencies, then withdrawals and disbursements may be made from said Reserve Fund for the purchase or retirement prior to maturity of bonds issued by the Issuer or for any other lawful purpose relating to the System.

Moneys in the Series 1989 A Bonds Sinking Fund and the Series 1989 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

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

Any withdrawals from the Series 1989 A Bonds Reserve Account which result in a reduction in the balance of the Series 1989 A Bonds Reserve Account to below the Series 1989 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, first, to the Prior Bonds Sinking Fund for payment of debt service on the Prior Bonds and next, to the Series 1989 A Bonds Sinking Fund for payment of debt service on the Series 1989 A Bonds.

Any withdrawals from the Series 1989 B Bonds Reserve Account which result in a reduction in the balance of the Series 1989 B Bonds Reserve Account to below the Series 1989 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Prior Bonds Sinking Fund, the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account, the Depreciation Fund, the Renewal and Replacement Fund and the Series 1989 B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1989 A Bonds Sinking Fund, or the Series 1989 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, the Sinking Fund established for the Prior Bonds, the Depreciation Fund and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1989 A Bonds, there shall first be deposited with the Commission in the Series 1989 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1989 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1989 A Bonds, there shall be deposited with the Commission in the Series 1989 A Bonds Reserve Account and from the proceeds of the Series 1989 B Bonds, there shall be deposited with the Commission in the Series 1989 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1989 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1989 A Bonds, and thereafter for the Series 1989 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund

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

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the 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 Bond Construction Trust Fund to the Series 1989 A Bonds Reserve Account, and when fully funded to the Series 1989 B

Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1989 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1989 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Subordinate Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1989 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds. Payment of the debt service of the Series 1989 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds and the Series 1989 A Bonds.

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered October 30, 1989 (Case No. 89-035S-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, 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 additional Bonds on a parity with the Series 1989 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1989 A Bonds and the Series 1989 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts, the Depreciation Fund and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the 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 Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1989 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1989 A Bonds, unless the Series 1989 B Bonds are no longer outstanding.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be

received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Prior Bonds and any other obligations with a lien on the Net Revenues prior to that of the Bonds;
- (2) The Bonds then Outstanding;
- (3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (4) The Parity Bonds then proposed to be issued.

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1989 A Bonds and the Series 1989 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1989 A Bonds or the Series 1989 B Bonds.

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

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

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note

or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

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

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers

that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

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

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

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

the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

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

of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order 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 System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters 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 System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability 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 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 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. 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 units.

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

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

E. FURTHER ACTIONS. The 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 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 Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective Series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1989 A Bonds shall be junior to the statutory mortgage lien in favor of the Holders of the Prior Bonds and senior to the statutory mortgage lien in favor of the Holders of the Series 1989 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, 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 Trustee, if any, 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 Trustee, if any, 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 Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

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 Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, 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 \$500,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then this clause (i) of this Section 8.03A shall be applied without regard to such dollar limitation, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, (iii) interest earnings and profits on the Rebate Fund, and (iv) interest earnings and profits on amounts in funds and accounts otherwise excepted under the Regulations 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, 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, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

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, or such earlier date as may be required under the Regulations, 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, or such earlier dates as may be required under the Regulations, 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, or in accordance with such other requirements as may be applicable under the Regulations:

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

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

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

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the 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 (which may include a portion of a fund or account, although not a separate and distinct fund or account) as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$500,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then all amounts earned on such fund or account as well as amounts earned on said earnings shall be excluded in determining the amount of Excess Investment Earnings.

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, except to the extent otherwise required under the Regulations. 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 or other period required under

the Regulations. 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the 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 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, 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. In addition, the Issuer shall cooperate with the authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, then the Issuer shall submit 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.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. 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 Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1989 B Bonds shall be subject to those of the Holders of the Series 1989 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes 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 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 Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any 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 or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and 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 Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1989 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1989 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1989 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the

Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1989 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1989 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1989 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1989 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1989 A Bonds or the Series 1989 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder 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 Bonds and the Notes from gross income of the holders thereof.

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

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

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

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

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

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

(a) The respective maximum amounts of the Bonds and Notes to be issued;

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

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

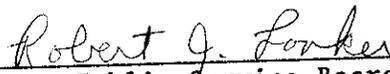
(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a Certificate of Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 20th day of November, 1989.


Chairman, Public Service Board


Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTER PUBLIC SERVICE DISTRICT on the 20th day of November, 1989.

Dated November 22, 1989

[SEAL]

Nancy L. Brown
Secretary, Public Service Board

11/19/89
CENJ.A7
13523/88001



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B OF CENTER PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Public Service Board (the "Governing Body") of Center Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective November 20, 1989 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF CENTER PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 A, NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN \$1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS
AND PROVISIONS OF SUCH BONDS AND NOTES AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$2,000,000, to be issued in two series, the Series 1989 A Bonds to be in an aggregate principal amount of not more than \$1,500,000 (the "Series 1989 A Bonds") and the Series 1989 B Bonds to be in an aggregate principal amount of not more than \$500,000 (the "Series 1989 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1989 A Bonds dated November 22, 1989, and a supplemental loan agreement relating to the Series 1989 B Bonds, also dated November 22, 1989 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1989 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,415,213. The Series 1989 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.4% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1990, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1989 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1989 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$209,787. The Series 1989 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1989 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint First Community Bank, Inc., Pineville, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1989 A Bonds proceeds in the amount of \$182,812 shall be deposited in the Series 1989 A Bonds Sinking Fund as capitalized interest

Section 8. Series 1989 A Bonds proceeds in the amount of \$124,225 shall be deposited in the Series 1989 A Bonds Reserve Account and Series 1989 B Bonds proceeds in the amount of \$5,380 shall be deposited in the Series 1989 B Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including repayment of any temporary bank loans or Authority advances made or incurred on behalf of the Project and payment of costs of issuance of the Bonds.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered on or about November 22, 1989, to the Authority pursuant to the Loan Agreement.

Section 12. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond and Notes Resolution in time accounts secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in such time accounts, until further directed by the Issuer.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of November, 1989.

CENTER PUBLIC SERVICE DISTRICT


Chairman

11/19/89
CENJ.D4
13523/88001

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").

Center Public Service District

(Name of 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 consulting engineer designated in the Application and any 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 "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 "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.

1.9 "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.

1.10 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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of 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.

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 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 in respect of 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 representatives, to inspect all books, documents, papers and records relating to the Project 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 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 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.

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.

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 delivered to the Authority for purchase 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;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of 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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) 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 execute this Loan Agreement 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, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant 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;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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; and

(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.

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 A.

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 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.

4.4 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.

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

4.6 The Governmental Agency agrees to 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.

4.7 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.

Center Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By *Walter J. [Signature]*
Its *Chairman of Board*

Attest:

Date: November 21, 1989

Nancy L. Broom
Its *Secretary*

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By *Daniel B. Yorkost*
Director

Attest:

Date: November 21, 1989

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

| <u>Year</u> | <u>Installment</u> | <u>Interest Rate</u> |
|-------------|--------------------|----------------------|
|-------------|--------------------|----------------------|

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the

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

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

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

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

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

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

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

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

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

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

Very truly yours,

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 1,415,213.00
Purchase Price of Local Bonds \$ 1,415,213.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.40 % 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:



Center Public Service District
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 22-Nov-89

| Date | Coupon | Principal | Interest | Debt Service 8.40% Bonds |
|-------------|--------|------------|------------|-----------------------------|
| 01-Oct-90 | | | 102,036.86 | 102,036.86 |
| 01-Oct-91 | 8.40% | 5,346.44 | 118,877.89 | 124,224.33 |
| 01-Oct-92 | 8.40% | 5,795.54 | 118,428.79 | 124,224.33 |
| 01-Oct-93 | 8.40% | 6,282.37 | 117,941.97 | 124,224.33 |
| 01-Oct-94 | 8.40% | 6,810.08 | 117,414.25 | 124,224.33 |
| 01-Oct-95 | 8.40% | 7,382.13 | 116,842.20 | 124,224.33 |
| 01-Oct-96 | 8.40% | 8,002.23 | 116,222.10 | 124,224.33 |
| 01-Oct-97 | 8.40% | 8,674.42 | 115,549.91 | 124,224.33 |
| 01-Oct-98 | 8.40% | 9,403.07 | 114,821.26 | 124,224.33 |
| 01-Oct-99 | 8.40% | 10,192.93 | 114,031.40 | 124,224.33 |
| 01-Oct-2000 | 8.40% | 11,049.13 | 113,175.20 | 124,224.33 |
| 01-Oct-2001 | 8.40% | 11,977.26 | 112,247.07 | 124,224.33 |
| 01-Oct-2002 | 8.40% | 12,983.35 | 111,240.98 | 124,224.33 |
| 01-Oct-2003 | 8.40% | 14,073.95 | 110,150.38 | 124,224.33 |
| 01-Oct-2004 | 8.40% | 15,256.16 | 108,968.17 | 124,224.33 |
| 01-Oct-2005 | 8.40% | 16,537.68 | 107,686.65 | 124,224.33 |
| 01-Oct-2006 | 8.40% | 17,926.85 | 106,297.49 | 124,224.33 |
| 01-Oct-2007 | 8.40% | 19,432.70 | 104,791.63 | 124,224.33 |
| 01-Oct-2008 | 8.40% | 21,065.05 | 103,159.28 | 124,224.33 |
| 01-Oct-2009 | 8.40% | 22,834.51 | 101,389.82 | 124,224.33 |
| 01-Oct-2010 | 8.40% | 24,752.61 | 99,471.72 | 124,224.33 |
| 01-Oct-2011 | 8.40% | 26,831.83 | 97,392.50 | 124,224.33 |
| 01-Oct-2012 | 8.40% | 29,085.70 | 95,138.63 | 124,224.33 |
| 01-Oct-2013 | 8.40% | 31,528.90 | 92,695.43 | 124,224.33 |
| 01-Oct-2014 | 8.40% | 34,177.33 | 90,047.00 | 124,224.33 |
| 01-Oct-2015 | 8.40% | 37,048.23 | 87,176.10 | 124,224.33 |
| 01-Oct-2016 | 8.40% | 40,160.28 | 84,064.05 | 124,224.33 |
| 01-Oct-2017 | 8.40% | 43,533.74 | 80,690.59 | 124,224.33 |
| 01-Oct-2018 | 8.40% | 47,190.58 | 77,033.76 | 124,224.33 |
| 01-Oct-2019 | 8.40% | 51,154.58 | 73,069.75 | 124,224.33 |
| 01-Oct-2020 | 8.40% | 55,451.57 | 68,772.76 | 124,224.33 |
| 01-Oct-2021 | 8.40% | 60,109.50 | 64,114.83 | 124,224.33 |
| 01-Oct-2022 | 8.40% | 65,158.70 | 59,065.63 | 124,224.33 |
| 01-Oct-2023 | 8.40% | 70,632.03 | 53,592.30 | 124,224.33 |
| 01-Oct-2024 | 8.40% | 76,565.12 | 47,659.21 | 124,224.33 |
| 01-Oct-2025 | 8.40% | 82,996.59 | 41,227.74 | 124,224.33 |
| 01-Oct-2026 | 8.40% | 89,968.31 | 34,256.03 | 124,224.33 |
| 01-Oct-2027 | 8.40% | 97,525.64 | 26,698.69 | 124,224.33 |
| 01-Oct-2028 | 8.40% | 105,717.80 | 18,506.53 | 124,224.33 |
| 01-Oct-2029 | 8.40% | 114,598.09 | 9,626.24 | 124,224.33 |

1,415,213.00 3,531,572.79 4,946,785.79



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, 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 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.



WDA-5Z-PSD Sewer (EPA)
(March 1988)

SCHEDULE 2

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 Department of Natural Resources 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 Department of Natural Resources 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.



SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL 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").

Center Public Service District

(Name of 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, including supplemental, subordinate 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;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement"); 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 supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the 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, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental 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; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 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.

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of 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 Supplemental 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.

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 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 in respect of 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 representatives, to inspect all books, documents, papers and records relating to the Project 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 and the administration of the Supplemental 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 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.

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 and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental 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 Supplemental 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.

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental 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 Supplemental Bonds, which shall be the

date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. 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 Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(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 Supplemental 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;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such

rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of 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

(i) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) 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 Supplemental 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 Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental 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 Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority,

simultaneously with the delivery of the Local Bond to 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 Supplemental Loan Agreement and the 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 under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State, the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental 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 Supplemental 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, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental 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 the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, 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") or on the Supplemental Bonds in the then current or any succeeding year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental 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, 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 and Supplemental 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 Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by a lien on or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental 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 Supplemental 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 Supplemental 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, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(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 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 Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owners of the Supplemental 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); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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 Supplemental 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 Supplemental 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 the prior and senior security therefrom for the Local Bonds and 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 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental 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.

4.6 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 Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

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 Supplemental 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 Supplemental 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 and the Supplemental 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 Supplemental 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 rate of five percent (5%) per annum, 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 Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, 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 Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to

the Authority by the Governmental Agency in connection with the Loan or the Supplemental 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 the Loan Agreement or this Supplemental Loan Agreement.

6.3 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 Supplemental Loan.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental 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 Supplemental Loan Agreement.

7.2 Schedule X shall be attached to this Supplemental 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 Supplemental 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 Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental 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 Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental 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 Supplemental Loan Agreement.

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

7.7 By execution and delivery of this Supplemental Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental 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 Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

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

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

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

Center Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By

Its

Walter J. Scher
Chairman of Board

Attest:

Date: November 21, 1989

Nancy L. Broom
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

Director

Daniel B. Yarbark

Attest:

Date: November 21, 1989

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date: *Nov. 22, 1989*

Principal Amount of Local Bonds: *\$ 1,415,213*

. EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated _____, 19__ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

| <u>Year</u> | <u>Installment</u> |
|-------------|--------------------|
|-------------|--------------------|

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental 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 Supplemental 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 Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

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

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

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

6. The Supplemental Bonds are, by statute, exempt

No opinion is given herein as to the effect upon enforceability of the Supplemental 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 Supplemental Bond numbered SR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

| | |
|--|----------------------|
| Principal Amount of Supplemental Bonds | \$ <u>209,787.00</u> |
| Purchase Price of Supplemental Bonds | \$ <u>209,787.00</u> |

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

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

Center Public Service District
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 22-Nov-89

| Date | Interest Free Loan |
|-------------|--------------------|
| 01-Oct-90 | |
| 01-Oct-91 | 5,379.30 |
| 01-Oct-92 | 5,379.15 |
| 01-Oct-93 | 5,379.15 |
| 01-Oct-94 | 5,379.15 |
| 01-Oct-95 | 5,379.15 |
| 01-Oct-96 | 5,379.15 |
| 01-Oct-97 | 5,379.15 |
| 01-Oct-98 | 5,379.15 |
| 01-Oct-99 | 5,379.15 |
| 01-Oct-2000 | 5,379.15 |
| 01-Oct-2001 | 5,379.15 |
| 01-Oct-2002 | 5,379.15 |
| 01-Oct-2003 | 5,379.15 |
| 01-Oct-2004 | 5,379.15 |
| 01-Oct-2005 | 5,379.15 |
| 01-Oct-2006 | 5,379.15 |
| 01-Oct-2007 | 5,379.15 |
| 01-Oct-2008 | 5,379.15 |
| 01-Oct-2009 | 5,379.15 |
| 01-Oct-2010 | 5,379.15 |
| 01-Oct-2011 | 5,379.15 |
| 01-Oct-2012 | 5,379.15 |
| 01-Oct-2013 | 5,379.15 |
| 01-Oct-2014 | 5,379.15 |
| 01-Oct-2015 | 5,379.15 |
| 01-Oct-2016 | 5,379.15 |
| 01-Oct-2017 | 5,379.15 |
| 01-Oct-2018 | 5,379.15 |
| 01-Oct-2019 | 5,379.15 |
| 01-Oct-2020 | 5,379.15 |
| 01-Oct-2021 | 5,379.15 |
| 01-Oct-2022 | 5,379.15 |
| 01-Oct-2023 | 5,379.15 |
| 01-Oct-2024 | 5,379.15 |
| 01-Oct-2025 | 5,379.15 |
| 01-Oct-2026 | 5,379.15 |
| 01-Oct-2027 | 5,379.15 |
| 01-Oct-2028 | 5,379.15 |
| 01-Oct-2029 | 5,379.15 |

209,787.00

SCHEDULE Y
REVENUES

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

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, 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, 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 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) as prescribed by the Loan Agreement, 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) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental 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 10 years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

(vi) 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 Department of Natural Resources 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 Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources 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 Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 30, 1989

CASE NO. 89-035-S-CN

CENTER PUBLIC SERVICE DISTRICT,
a public utility, Pineville,
Wyoming County.

Application for a certificate of convenience
and necessity to construct improvements to the
wastewater treatment system and approval of rates
and financing.

FINAL ORDER

On March 27, 1989, Center Public Service District (Center or District), a public utility, Pineville, Wyoming County, filed an application, duly verified, for a certificate of convenience and necessity to upgrade its existing wastewater treatment system and for approval of said construction and for approval of increased rates and charges and financing for the system. Center estimated that the project would cost approximately \$2,750,000 or less and would be funded by an Environmental Protection Agency (EPA) Grant in the amount of \$1,338,670, and sewer revenue bonds in an aggregate principal amount not to exceed \$2 million, stating an interest rate not to exceed 12% and with maturities not to exceed 40 years. The District proposed interim financing using sums not to exceed \$5 million in the aggregate, in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, or a combination of all of the foregoing, or a letter or letters of credit from a commercial bank or banks. The application indicated that Center's proposed project would not compete with any other public utility and it stated that a certificate should be issued because the current facilities need to be upgraded in order to meet minimum standards.

By Order entered on April 4, 1989, Center was directed to give notice to the public of the filing of the application and of the requested increased rates and charges by publishing a copy of the Commission's Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wyoming County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to make objection to the application was directed to do so, in writing, within thirty (30) days after the publication of the notice. The Order further stated that, if no protests were received within the 30-day period, the Commission could waive formal hearing and grant the application of the District based upon the information submitted with the application and the Commission's review thereof.

4A

CENTER PUBLIC SERVICE DISTRICT
CASE NO. 89-035-S-CN

STAFF RECOMMENDED CASH FLOW ANALYSIS

| | | |
|--------------------------------------|-----|----------------|
| Revenues: | | |
| Sales | | \$266,717 |
| Interest | | <u>12,312</u> |
| | | \$279,029 |
| Expenses: | | |
| O & M | | \$104,372 |
| Taxes | | <u>5,007</u> |
| | | \$109,379 |
| Cash Available for Debt Service | (A) | \$169,650 |
| Debt Service: | | |
| Existing Debt: | | |
| 1960 | | \$ 24,475 |
| 1965 (Defeased) | | -0- |
| Proposed Debt | | <u>129,426</u> |
| Total Annual Debt Service | (B) | \$153,901 |
| Cash Available for Reserves, Surplus | | \$ 15,749 |
| Reserves: | | |
| Existing: | | |
| 1960 (Fully Funded) | | \$ -0- |
| 1965 (Fully Funded-Defeased) | | -0- |
| Proposed (Prefunded) | | <u>-0-</u> |
| | | \$ -0- |
| Remaining Cash Surplus | | \$ 15,749 |
| Coverage (A/B) | | 110.23% |

On September 5, 1989, Center filed an amended application for a certificate of convenience and necessity to construct improvements to its wastewater treatment system and for approval of rates and charges. The amended application stated that the Applicant rendered sewage service in the area of Pineville and vicinity, in Wyoming County, West Virginia, serving approximately 900 customers. The amended application stated that a full and complete description of the proposed project was contained in the plans and specifications previously furnished to the Commission. According to the amended application, after review and discussion with the Staff of the Public Service Commission, the District had determined that the rates and charges set forth in the original application were inadequate. The District had developed new rates and charges which were attached to the amended application. The average bill under the new rates would be \$28.01 per month. The proposed construction and associated costs were still estimated to cost \$2,750,000 or less and the same financing proposal was set forth in the amended application as was filed in the original application. The amended application stated that the Department of Natural Resources (DNR) of the State of West Virginia had approved the District's plans and specifications for the project and that the Applicant had advertised for bids. The District further stated that, in all respects other than the rates and charges, the original application was correct and accurate.

By Order entered on September 5, 1989, a new Notice of Filing Order was issued by the Public Service Commission containing the increased requested rates and charges, and again restating the construction cost and financing proposals. On September 8, 1989, Center filed an Affidavit of Publication in the Independent Herald, an newspaper published and of general circulation at Pineville, Wyoming County, West Virginia, indicating that publication of the Commission's Notice of Filing Order of September 5, 1989, occurred on September 5, 1989. The 30-day period provided to the public for submitting written statements of protest to the application, the financing or the requested rates and charges, expired on October 6, 1989, with no protests having been filed with the Commission during the protest period or as of the date of this Order.

On September 13, 1989, Center Public Service District filed a Motion requesting a ruling on the sufficiency of the prefiling publication accomplished by the District on January 25 and February 1, 1989. According to the Motion, the prefiling publication contained the rates and charges which had been filed and published in the original application filed in this case. The Motion pointed out that the District had republished a Notice of Filing incorporating the higher rates and charges which it was now requesting. The District requested that the Commission determine that the District had substantially complied with the prefiling notice provisions set forth in West Virginia Code §16-13A-25 and that the District not be required to republish the prefiling notice. The District stated that it believed that it had substantially complied with West Virginia Code §16-13A-25 in that the rates published in the prefiling notice were good faith estimates of the rates that would be needed to support the project and that, upon discovery of the error in the rates and charges, the District immediately moved to correct the error by providing public notice of the new rates.

On October 27, 1989, Staff Attorney Ronald E. Robertson submitted the Joint Staff Memorandum in this proceeding. Attached to Mr. Robertson's Joint Staff Memorandum were Internal Memoranda prepared by Dina B. Foster, Utility Engineer, Public Service District Division, and Charles Knurek, Utility Financial Analyst, Public Service District Division, dated October 25, 1989 and October 24, 1989, respectively. The two Internal Memoranda are incorporated in the Joint Staff Memorandum and constitute the recommendations of Commission Staff. Commission Staff is recommending that the application for a certificate of convenience and necessity be granted without hearing, since proper notice of the application has been given and there have been no protests filed in regard to the project. Commission Staff is recommending lower rates and charges than were requested by Center Public Service District, recommending an increase of approximately 330%, as compared to the District's requested increase of approximately 378%.

Utility Engineer Foster provided the Staff recommendations with regard to need for the project, adequacy of the design for the project and adequacy of the estimated costs included in the project. According to Ms. Foster, the facilities plan provided for the project indicates that the existing wastewater treatment plant provides only primary treatment, which cannot meet the final effluent limits set in the NPDES Permit for the District. The District is currently discharging only partially treated effluent into the Guyandotte River. Also, inflow-infiltration studies have shown that there is an excessive amount of infiltration into the system, caused mainly due to the age of the clay pipe which was primarily used in the construction of the existing system. According to Ms. Foster, over time, the joints of clay pipe will deteriorate and allow water to enter. Further, where connections were made by breaking holes in the clay pipe and then patching with concrete, the patch will eventually break away from the pipe and allow water to enter there as well. Further, there are reported overflows in the sanitary sewer system. Finally, the DNR did grant an NPDES Permit for this project on July 7, 1989, designated Permit No. WV0027138. Based on all of the above, Ms. Foster believes that adequate need for the project has been demonstrated.

Ms. Foster also stated that the plans and specifications for the project had been approved by the DNR, which is the agency which has primary responsibility for the design of federally-funded sewer projects in the State. Ms. Foster's review of the District's plans and specifications revealed no obvious conflict with the rules and regulations of the Public Service Commission. Ms. Foster stated that the cost per customer for this project is \$3,084, which is considered very reasonable. Ms. Foster also indicated that she had reviewed the project costs along with the proposed financing. The construction costs for most of the project are based upon actual bids. Based on her review, the District's estimated project cost is reasonable. Ms. Foster also indicated that her review of the District's estimated additional operation and maintenance expenses resulting from the project appear to be reasonable. From an engineering viewpoint, Ms. Foster believes that the project should be approved without a hearing. She deferred considerations such as adequacy of rates and financing to the Utility Financial Analyst.

Utility Financial Analyst Knurek primarily discussed the financing and rates for the District's project. According to Mr. Knurek, the District has received an EPA Grant award for the project in the amount of \$1,115,180, based on the eligible costs associated with the actual bids received by the District. The District has two outstanding bond issuances, the 1960 series and the 1965 series, and according to the District, the District has a total reserve balance for both of those issues of \$98,583, as of June 30, 1989. The annual debt service for the 1960 issue is \$24,475 and the accumulated reserve for the 1965 issue is \$38,522. The 1965 issue is funded in an amount which will allow the District to defease this issue over the remaining life. Therefore, both the 1960 and 1965 debt service reserves are fully funded. The District has excess reserves in the amount of \$35,586, which Commission Staff believes should be used as a source of funds to be applied to the costs associated with this project. To finalize the financing for the project, the District has applied to the Water Development Authority (WDA) for a loan. According to Commission Staff, the District's sources of funds should be as follows: Excess Reserves, \$35,586; EPA Grant, \$1,115,180; and WDA Bond Issue, \$1,624,969, for the total project cost of \$2,775,735.

According to Commission Staff, the WDA has agreed to loan the District an amount of \$1,626,276, at an interest rates of 7.5%, for 38 years, based upon the cost estimates presented to WDA. The cost estimates presented to WDA, however, represented the total project costs, without application of the proceeds of an unauthorized line of credit which was established by the District and used for initial start-up costs, land acquisition and plant upgrading, in the amount of \$140,000. Staff pointed out that this line of credit has been established and obtained by the District without first having obtained the approval of the Public Service Commission pursuant to West Virginia Code §16-13A-25 and Staff recommended that the District be put on notice that any further borrowings by the District without prior Commission approval would be violations of West Virginia Code §16-13A-25. Staff believes that the WDA loan should be reduced by an amount of \$140,000, to reflect the unauthorized line of credit which has already been used by the District, and Staff so modified the WDA loan. Staff also believes that the District should be required to prefund the debt service reserve account and provide for the additional funds needed through the WDA bond issue. Based upon Staff's recommended project costs and the Staff recommended sources of funds, the WDA loan should not exceed \$1,625,000. Based on such a loan amount, the District's annual principal and interest payment would be \$129,426. The WDA would require the District to maintain a level of operating revenues sufficient to provide a minimum debt service coverage of 115%; however, with the prefunded debt service reserve account, the District would only be required to maintain a minimum coverage of 110%.

With regard to interim financing, Commission Staff has calculated that the District should realize a maximum cash deficit during the ninth and tenth months of the construction period, in an amount of \$357,000. The deficit consists of the ninth month's ending cash deficit of \$128,000 and the tenth month's cash requirement of \$229,455. The District has received confirmation from the First Community Bank of Princeton, West Virginia, for a line of credit not to exceed \$500,000 for 30 months. The interest rate would be 80% of the New York Prime Rate, with a floor of 4%.

The line of credit would be secured by the proceeds of the EPA Grant award. Staff is recommending approval of the interim financing arrangements, in order to cover the District's anticipated deficit during the construction period.

As noted previously, based upon Staff's recommended project costs and funding sources, Commission Staff believes that the District needs a 330% increase in rates, compared to the District's published and requested increase of 378%. Staff has calculated the District's annual revenue requirements for the first year of operations to be \$278,670, which, after deduction of interest earnings of \$12,312, produces a net annual revenue requirement for the first year of operations of \$266,358. The District's per books sales revenues, as of June 30, 1989, were \$80,823, and, based upon the projected annual revenue requirement for the first year of operation of \$266,358, the District's existing rates do need to be increased by 330%. In the event that the District's debt service reserve account is not prefunded and the District is required to fund its reserve over a period of 10 years, the District's rates would need to be increased by approximately 336%. The Staff recommended rates and charges are attached to this decision as Appendix A. Utilizing the Staff recommended rates and charges and proposed sources and uses of funds, the Staff Recommended Cash Flow Analysis indicates that the District would experience a remaining cash flow surplus of \$15,749 and would have debt service coverage of 110.23%. The Staff Recommended Cash Flow Analysis is attached to this decision as Appendix B.

In summary, Mr. Knurek recommended approval of the certificate of convenience and necessity to upgrade the District's system, as it proposed; the prefunding of the WDA debt service reserve in the amount of \$129,426; the application of the excess reserve funds of \$35,586 as a source of funds toward the cost of the project; approval of the loan from the WDA in an amount not to exceed \$1,625,000, at an interest rate of 7.5% for 38 years; approval of a bank line of credit in an amount not to exceed \$500,000, to be repaid with the proceeds from the funding sources; approval of the Staff recommended rates and charges; the recognition of the unauthorized line of credit previously taken by the District in the amount of \$140,000 as a legitimate existing debt of the District and the repayment of that debt with the proceeds of the WDA loan; and that the District be put on notice that in the future any borrowing by the District without prior Commission approval is a violation of West Virginia Code §16-13A-25.

On October 27, 1989, Counsel for Center Public Service District filed a letter with the Public Service Commission, stating that the District had reviewed the Joint Staff Memorandum, as well as the attached Internal Memoranda, and did not object to the conclusions in those Memoranda or to the rates attached to Mr. Knurek's Memorandum.

Upon consideration of all of the above, the Administrative Law Judge (ALJ) is of the opinion that the application for a certificate of convenience and necessity filed by Center Public Service District in this proceeding on March 27, 1989, as amended on September 5, 1989, is reasonable and should be granted, with the modifications to the requested rates and charges as recommended by Commission Staff and with the

modifications to the funding and financing of the project, as recommended by Commission Staff. The Internal Memorandum of Utility Engineer Foster adequately demonstrate that there is a need for the project and the Joint Staff Memorandum plus the two Internal Memoranda clearly indicate that the project is adequately funded and financed, with committed permanent and interim financing. Additionally, the DNR has reviewed the plans and specifications for the project and has issued an NPDES Permit for the project. Further, the rates and charges recommended by Commission Staff are lower than those published by the District in its publication made on September 6, 1989, and no public protests were filed in response to the District's requested rates and charges or to the project. Therefore, the project is needed, the project is technically and economically feasible and the project is fully funded and supported by adequate rates and charges for the first full year of operations after construction of the project.

FINDINGS OF FACT

1. The existing Center Public Service District wastewater treatment plant provides only primary treatment which does not meet the final effluent limits set in the NPDES Permit issued to the District; the District is currently discharging only partially treated effluent into the Guyandotte River; there is an excessive amount of infiltration in the system due to the age of the clay pipe which is primarily used in the construction of this system; and there are reported overflows in the sanitary sewer system. (Joint Staff Memorandum filed October 27, 1989; Utility Engineer Foster's Internal Memorandum attached thereto).

2. The West Virginia Department of Natural Resources has reviewed the plans and specifications for the project and has approved them and has issued an NPDES Permit to the District for the project. (See, Joint Staff Memorandum filed October 27, 1989, and Utility Engineer Foster's Memorandum attached thereto).

3. The Staff review of the District's plans and specifications reveals no obvious conflict with the Public Service Commission's rules and regulations. (See, Joint Staff Memorandum filed October 27, 1989, and Utility Engineer Foster's Memorandum attached thereto).

4. Commission Staff has reviewed the District's estimated project and construction costs and operation and maintenance budget for the first full year of operations and believes that all of the projected costs and expenses are reasonable. (See, Joint Staff Memorandum filed October 27, 1989, and attachments thereto).

5. The District obtained a line of credit in the amount of \$140,000 in 1987 from the First Community Bank of Princeton, without having first obtained prior Commission approval for that line of credit. (See, Joint Staff Memorandum filed October 27, 1989, and Utility Financial Analyst Knurek's Memorandum attached thereto).

6. Center Public Service District has received an EPA Grant for this project in the amount of \$1,115,180, and has obtained a loan from the WDA in the amount of \$1,626,276, at an interest rates of 7-1/2%, for 38

years. (See, Joint Staff Memorandum filed October 27, 1989, and Utility Financial Analyst Knurek's Memorandum attached thereto).

7. The District has excess debt service reserves in the amount of \$35,586. (See, Utility Financial Analyst Knurek's Internal Memorandum attached to Joint Staff Memorandum filed October 27, 1989).

8. The District has obtained confirmation from the First Community Bank of Princeton for a line of credit not to exceed \$500,000 for 30 months at an interest rate which would be 80% of the New York Prime with a floor of 8%, as interim financing. (See, Utility Financial Analyst Knurek's Internal Memorandum attached to Joint Staff Memorandum filed October 27, 1989).

9. Based upon the Staff recommended project costs and funding sources, the District needs an increase in rates of 330% to support the project, compared to the District's published rates representing a 378% increase over existing rates. (See, Joint Staff Memorandum and attachments thereto, filed October 27, 1989).

10. The District has published its application for a certificate of convenience and necessity, as well as its requested increased rates and charges, and no public protest has been filed to the project or the requested rates and charges. (See, Affidavit of Publication filed September 8, 1989, and case file generally).

11. The Staff recommended rates and charges will provide the District with debt service coverage of 110.23% and a remaining cash surplus of \$15,749. (See, Joint Staff Memorandum and attachments thereto filed October 27, 1989).

12. Center Public Service District has reviewed the Joint Staff Memorandum and all of the recommendations contained therein and has indicated that it has no objection to any of the recommendations or the Staff-recommended rates and charges. (See, letter filed October 27, 1989).

CONCLUSIONS OF LAW

1. The project which Center Public Service District has proposed in this proceeding is needed by the customers served by Center Public Service District.

2. The project for which Center Public Service District has requested a certificate of convenience and necessity is fully funded by committed grant and loan funds and interim financing.

3. The project for which Center Public Service District has requested a certificate of convenience and necessity is adequately supported by proposed increased rates and charges.

4. The public has been provided with adequate notice of the project and the requested increased rates and charges.

5. A certificate of convenience and necessity should be granted to Center Public Service District for construction of the project proposed in this proceeding, with the modifications to the financing and rates set forth in the Staff recommendation filed in this proceeding on October 27, 1989.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed by Center Public Service District on March 27, 1989, and refiled by Center Public Service District on September 5, 1989, be, and it hereby is, granted, with the modifications to financing and rates as recommended by Commission Staff.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Appendix A, be, and they hereby are, approved for use by Center Public Service District upon completion of the project and the placement in service of the system certificated herein.

IT IS FURTHER ORDERED that the permanent financing for this project, consisting of a loan from the Water Development Authority in an amount not to exceed \$1,625,000 at an interest rate of 7-1/2% for 38 years, and an EPA Grant and the use of excess reserves be, and hereby is, approved.

IT IS FURTHER ORDERED that interim financing in the form of a line of credit from the First Community Bank of Princeton, West Virginia, in an amount not to exceed \$500,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the District apply its excess reserves in the amount of \$35,586 as a source of funds for the cost of the project.

IT IS FURTHER ORDERED that the District prefund the WDA debt service reserve in the amount of \$129,426.

IT IS FURTHER ORDERED that the unauthorized line of credit previously obtained by Center Public Service District, in the amount of \$140,000, be recognized as an existing debt owed by the District and repaid with the proceeds of the WDA loan.

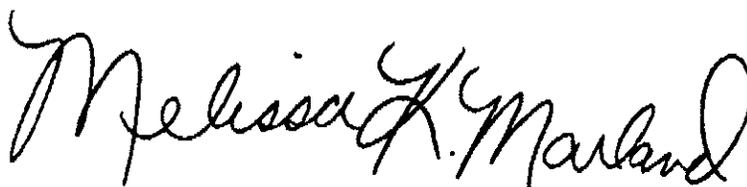
IT IS FURTHER ORDERED that the Motion for determination of sufficiency of public publication filed by Center Public Service District on September 13, 1989, be, and it hereby is, granted, and the prefiling publications previously made by Center Public Service District in January and February of 1989 be, and they hereby are, determined to be sufficient for purposes of this proceeding.

IT IS FURTHER ORDERED that Center Public Service District obtain prior Commission approval for any future loans, borrowings, lines of credit, etc., in accordance with the requirements of West Virginia Code §16-13A-25.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties to this proceeding by United States First Class Mail and upon Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.



Melissa K. Marland
Chief Administrative Law Judge

MKM:cjf

CENTER PUBLIC SERVICE DISTRICT
CASE NO. 89-035-S-CN

STAFF RECOMMENDED RATES

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for sanitary sewerage service.

METER RATE (Based upon the metered amount of water supplied)

| | | | | | |
|----------|---------|------------------------|--------|----------|----------|
| First | 2,000 | gallons used per month | \$7.26 | per 1000 | gallons. |
| Next | 8,000 | gallons used per month | \$3.96 | per 1000 | gallons. |
| Next | 10,000 | gallons used per month | \$3.30 | per 1000 | gallons. |
| Next | 30,000 | gallons used per month | \$2.97 | per 1000 | gallons. |
| Next | 50,000 | gallons used per month | \$2.31 | per 1000 | gallons. |
| Next | 100,000 | gallons used per month | \$1.98 | per 1000 | gallons. |
| All Over | 200,000 | gallons used per month | \$1.49 | per 1000 | gallons. |

MINIMUM CHARGE

The above charge is subject to a minimum monthly charge of Fourteen Dollars and Fifty Two Cents (\$14.52).

CONNECTION CHARGE

\$150.00

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 9, 1989

CASE NO. 89-035-S-CN

CENTER PUBLIC SERVICE DISTRICT,
a public utility, Pineville,
Wyoming County.

Application for a certificate of convenience
and necessity to construct improvements to the
wastewater treatment system and approval of rates
and financing.

FURTHER ORDER

On October 30, 1989, a Final Order was entered in the above-styled and numbered proceeding, granting the application filed by Center Public Service District (Center or District) on March 27, 1989, and refiled on September 25, 1989, for a certificate of convenience and necessity, to construct improvements to its wastewater treatment system in Wyoming County. Additionally, the Order approved rates and charges recommended by Commission Staff, approved permanent financing for the project, approved interim financing, ordered prefunding of the Water Development Authority (WDA) debt service reserve, ordered that a previously obtained line of credit be recognized as an existing debt owed by the District and, finally, directed that the District apply its excess reserves in the amount of \$35,586 as a source of funds for the cost of the project. The \$35,586 in excess reserves was calculated by Commission Staff based upon the annual debt service for the District's 1960 issue and the accumulated reserve for the 1965 bond issue, compared to the District's total reserve balance for both of those issuances. Center Public Service District, by letter filed with the Commission on October 27, 1989, had agreed to and accepted all of the Staff recommendations and conditions which were reflected in the Final Order issued in this proceeding on October 30, 1989.

On November 9, 1989, Center Public Service District filed a Motion for a Corrective Order, with regard to two elements of the Final Order of October 30, 1989. According to Center, the District has come into possession of information which indicates that the excess revenue amount of \$35,586 is not actually excess revenue and is, in fact, needed to fund the reserve for the 1960 outstanding bond issuance. Attached to the District's Motion is a document indicating that the District is required to maintain a \$50,000 total reserve balance for the 1960 bond issuance. The District believes that the project can be completed without any further change in the already approved rates and charges or the authorized permanent and interim financing if the \$35,586 is removed as a source of funds for the cost of the project.

4B

The District also stated that the WDA loan, authorized in the Order for 38 years, should actually be authorized for 40 years. According to the District, while principal payments will only be made for 38 years, there will be two additional years of payments consisting solely of interest, for a total of 40 years.

Upon consideration of all of the above, the Administrative Law Judge (ALJ) is of the opinion that the District's Motion for a Corrective Order is reasonable and should be granted. Therefore, the Final Order issued on October 30, 1989, shall be revised to remove the requirement set forth in the fifth ordering paragraph on page 8 of said Order that the District apply its excess reserves in the amount of \$35,586 as a source of funds for the cost of the project. Additionally, the loan from the Water Development Authority in an amount not to exceed \$1,625,000 at an interest rate of 7 1/2% shall be approved for 40 years, rather than 38 years as set forth in the third ordering paragraph on page 8 of the Final Order of October 30, 1989.

FINDINGS OF FACT

1. The amount of \$35,586, which had previously been characterized in this proceeding as being excess reserve funds, may not be excess reserve funds at all, but may be required to fully fund the reserve for Center Public Service District's 1960 outstanding bond issuance. (See, Motion filed November 9, 1989, and Attachments thereto).

2. The Water Development Authority loan authorized in this proceeding is actually to be repaid over a term of 40 years, rather than the 38 years set forth in the Order entered in this proceeding on October 30, 1989. (See, Motion filed November 9, 1989).

CONCLUSION OF LAW

It is reasonable to correct the Final Order entered in this proceeding entered on October 30, 1989, in order to reflect the revisions requested by Center Public Service District in its Motion for a Corrective Order filed on November 9, 1989.

ORDER

IT IS, THEREFORE, ORDERED that the fifth ordering paragraph set forth on page 8 of the Final Order issued in this proceeding on October 30, 1989, which reads as follows: "IT IS FURTHER ORDERED that the District apply its excess reserves in the amount of \$35,586 as a source of funds for the cost of the project" be, and it hereby is, deleted and stricken from said Final Order of October 30, 1989, for the reasons set forth previously in this decision.

IT IS FURTHER ORDERED that the portion of the permanent financing for this project, consisting of a loan from the Water Development Authority in an amount not to exceed \$1,625,000 at an interest rate of 7 1/2%, be approved and authorized for a term of 40 years, as opposed to the term of 38 years which was approved in the Final Order of October 30, 1989.

IT IS FURTHER ORDERED that, in all other respects, the Final Order of October 30, 1989, shall remain in full force and effect.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall serve a copy of this Order upon all parties to this proceeding by United States First Class Mail and upon Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.



Melissa K. Marland
Chief Administrative Law Judge

MKM:jas

Public Service Commission
Of West Virginia

Richard E. Hill
General Counsel



Phone: (304) 340-0317
FAX (304) 340-0325

November 20, 1989

Center Public Service District
Pineville, West Virginia 25874

Re: Case No. 89-035-S-CN
Center PSD

Gentlemen:

This is to inform you, on behalf of the Staff of the Public Service Commission, that the Staff was in agreement with and supported the entry of, the Orders of October 30, 1989 and November 9, 1989 in the above-styled case. Further, I certify that we intend to take no further action to reopen the case, or to appeal the Order. The Staff was the only intervenor in this case.

Sincerely,

Ronald E. Robertson, Jr.
Ronald E. Robertson, Jr.
Staff Attorney

RER/cbd

4C



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and BETTY S. JACKSON, Chairman of Center Public Service District (the "Issuer"), hereby certify as follows:

1. On the 22nd day of November, 1989, the Authority received the entire original issue of \$1,625,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1989 A and Series 1989 B, of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated November 22, 1989, the Series 1989 A Bond being in the principal amount of \$1,415,213 and the Series 1989 B Bond being in the principal amount of \$209,787.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Betty S. Jackson, as Chairman of the Issuer, by her manual signature, and by Nancy Broom, as Secretary of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1989 A Bonds in the aggregate principal amount of \$1,415,213 and proceeds of the Series 1989 B Bonds in the aggregate principal amount of \$209,787 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and CENTER PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 22nd day of November, 1989.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

CENTER PUBLIC SERVICE DISTRICT

By Walter S. Johnson
Chairman

11/19/89
CENJ.E3
13523/88001

CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Center Public Service District Sewer Revenue Bonds, Series 1989 A, in the principal amount of \$1,415,213 and Bond No. BR-1, constituting the entire original issue of the Center Public Service District Sewer Revenue Bonds, Series 1989 B, in the principal amount of \$209,787 both dated November 22, 1989 (collectively, the "Bonds"), executed by the Chairman and Secretary of Center Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated November 22, 1989, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

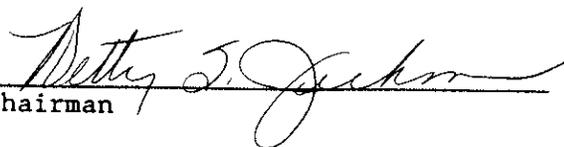
(4) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$1,625,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in

accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 22nd day of November, 1989.

CENTER PUBLIC SERVICE DISTRICT

By 
Chairman

11/15/89
GENJ.F2
13523/88001



(SPECIMEN SERIES 1989 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTER PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1989 A

No. AR-1

\$1,415,213

KNOW ALL MEN BY THESE PRESENTS: That CENTER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wyoming 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 FOUR HUNDRED FIFTEEN THOUSAND TWO HUNDRED THIRTEEN DOLLARS (\$1,415,213), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated November 22, 1989.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and

improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on November 20, 1989 and a Supplemental Resolution duly adopted by the Issuer on November 20, 1989 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of \$209,787, which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S SEWER REVENUE BONDS, DATED SEPTEMBER 1, 1960, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$420,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1989 A Bonds Reserve

Account and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1989 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 Bond 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 Bond Legislation, 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 Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, CENTER 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 November 22, 1989.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Center Public Service District
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 22-Nov-89

| Date | Coupon | Principal | Interest | Debt Service 8.40% Bonds |
|-------------|--------|------------|------------|-----------------------------|
| 01-Oct-90 | | | 102,036.86 | 102,036.86 |
| 01-Oct-91 | 8.40% | 5,346.44 | 118,877.89 | 124,224.33 |
| 01-Oct-92 | 8.40% | 5,795.54 | 118,428.79 | 124,224.33 |
| 01-Oct-93 | 8.40% | 6,282.37 | 117,941.97 | 124,224.33 |
| 01-Oct-94 | 8.40% | 6,810.08 | 117,414.25 | 124,224.33 |
| 01-Oct-95 | 8.40% | 7,382.13 | 116,842.20 | 124,224.33 |
| 01-Oct-96 | 8.40% | 8,002.23 | 116,222.10 | 124,224.33 |
| 01-Oct-97 | 8.40% | 8,674.42 | 115,549.91 | 124,224.33 |
| 01-Oct-98 | 8.40% | 9,403.07 | 114,821.26 | 124,224.33 |
| 01-Oct-99 | 8.40% | 10,192.93 | 114,031.40 | 124,224.33 |
| 01-Oct-2000 | 8.40% | 11,049.13 | 113,175.20 | 124,224.33 |
| 01-Oct-2001 | 8.40% | 11,977.26 | 112,247.07 | 124,224.33 |
| 01-Oct-2002 | 8.40% | 12,983.35 | 111,240.98 | 124,224.33 |
| 01-Oct-2003 | 8.40% | 14,073.95 | 110,150.38 | 124,224.33 |
| 01-Oct-2004 | 8.40% | 15,256.16 | 108,968.17 | 124,224.33 |
| 01-Oct-2005 | 8.40% | 16,537.68 | 107,686.65 | 124,224.33 |
| 01-Oct-2006 | 8.40% | 17,926.85 | 106,297.49 | 124,224.33 |
| 01-Oct-2007 | 8.40% | 19,432.70 | 104,791.63 | 124,224.33 |
| 01-Oct-2008 | 8.40% | 21,065.05 | 103,159.28 | 124,224.33 |
| 01-Oct-2009 | 8.40% | 22,834.51 | 101,389.82 | 124,224.33 |
| 01-Oct-2010 | 8.40% | 24,752.61 | 99,471.72 | 124,224.33 |
| 01-Oct-2011 | 8.40% | 26,831.83 | 97,392.50 | 124,224.33 |
| 01-Oct-2012 | 8.40% | 29,085.70 | 95,138.63 | 124,224.33 |
| 01-Oct-2013 | 8.40% | 31,528.90 | 92,695.43 | 124,224.33 |
| 01-Oct-2014 | 8.40% | 34,177.33 | 90,047.00 | 124,224.33 |
| 01-Oct-2015 | 8.40% | 37,048.23 | 87,176.10 | 124,224.33 |
| 01-Oct-2016 | 8.40% | 40,160.28 | 84,064.05 | 124,224.33 |
| 01-Oct-2017 | 8.40% | 43,533.74 | 80,690.59 | 124,224.33 |
| 01-Oct-2018 | 8.40% | 47,190.58 | 77,033.76 | 124,224.33 |
| 01-Oct-2019 | 8.40% | 51,154.58 | 73,069.75 | 124,224.33 |
| 01-Oct-2020 | 8.40% | 55,451.57 | 68,772.76 | 124,224.33 |
| 01-Oct-2021 | 8.40% | 60,109.50 | 64,114.83 | 124,224.33 |
| 01-Oct-2022 | 8.40% | 65,158.70 | 59,065.63 | 124,224.33 |
| 01-Oct-2023 | 8.40% | 70,632.03 | 53,592.30 | 124,224.33 |
| 01-Oct-2024 | 8.40% | 76,565.12 | 47,659.21 | 124,224.33 |
| 01-Oct-2025 | 8.40% | 82,996.59 | 41,227.74 | 124,224.33 |
| 01-Oct-2026 | 8.40% | 89,968.31 | 34,256.03 | 124,224.33 |
| 01-Oct-2027 | 8.40% | 97,525.64 | 26,698.69 | 124,224.33 |
| 01-Oct-2028 | 8.40% | 105,717.80 | 18,506.53 | 124,224.33 |
| 01-Oct-2029 | 8.40% | 114,598.09 | 9,626.24 | 124,224.33 |

1,415,213.00 3,531,572.79 4,946,785.79

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

11/15/89
CENJ.U1
13523/88001



(SPECIMEN SERIES 1989 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTER PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1989 B

No. BR-1

\$209,787

KNOW ALL MEN BY THESE PRESENTS: That CENTER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wyoming 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 TWO HUNDRED NINE THOUSAND SEVEN HUNDRED EIGHTY-SEVEN DOLLARS (\$209,787), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated November 22, 1989.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on November 20, 1989 and

a Supplemental Resolution duly adopted by the Issuer on November 20, 1989 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, DATED SEPTEMBER 1, 1960, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$420,000 (THE "PRIOR BONDS") AND

(ii) SEWER REVENUE BONDS, SERIES 1989 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,415,213 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1989 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds and the Series 1989 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1989 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1989 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1989 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there

exists in the Series 1989 B Bonds Reserve Account and the reserve account established for the Series 1989 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1989 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1989 A Bonds.

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

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

IN WITNESS WHEREOF, CENTER 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 November 22, 1989.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Center Public Service District
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 22-Nov-89

| Date | Interest Free Loan |
|-------------|-----------------------|
| 01-Oct-90 | |
| 01-Oct-91 | 5,379.30 |
| 01-Oct-92 | 5,379.15 |
| 01-Oct-93 | 5,379.15 |
| 01-Oct-94 | 5,379.15 |
| 01-Oct-95 | 5,379.15 |
| 01-Oct-96 | 5,379.15 |
| 01-Oct-97 | 5,379.15 |
| 01-Oct-98 | 5,379.15 |
| 01-Oct-99 | 5,379.15 |
| 01-Oct-2000 | 5,379.15 |
| 01-Oct-2001 | 5,379.15 |
| 01-Oct-2002 | 5,379.15 |
| 01-Oct-2003 | 5,379.15 |
| 01-Oct-2004 | 5,379.15 |
| 01-Oct-2005 | 5,379.15 |
| 01-Oct-2006 | 5,379.15 |
| 01-Oct-2007 | 5,379.15 |
| 01-Oct-2008 | 5,379.15 |
| 01-Oct-2009 | 5,379.15 |
| 01-Oct-2010 | 5,379.15 |
| 01-Oct-2011 | 5,379.15 |
| 01-Oct-2012 | 5,379.15 |
| 01-Oct-2013 | 5,379.15 |
| 01-Oct-2014 | 5,379.15 |
| 01-Oct-2015 | 5,379.15 |
| 01-Oct-2016 | 5,379.15 |
| 01-Oct-2017 | 5,379.15 |
| 01-Oct-2018 | 5,379.15 |
| 01-Oct-2019 | 5,379.15 |
| 01-Oct-2020 | 5,379.15 |
| 01-Oct-2021 | 5,379.15 |
| 01-Oct-2022 | 5,379.15 |
| 01-Oct-2023 | 5,379.15 |
| 01-Oct-2024 | 5,379.15 |
| 01-Oct-2025 | 5,379.15 |
| 01-Oct-2026 | 5,379.15 |
| 01-Oct-2027 | 5,379.15 |
| 01-Oct-2028 | 5,379.15 |
| 01-Oct-2029 | 5,379.15 |

209,787.00

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

11/15/89
CENJ.V1
13523/88001



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

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(304) 624-8000

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CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

MORGANTOWN OFFICE
1000 HAMPTON CENTER
P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

TELECOPIER (304) 598-8116

RANDALL C. LIGHT
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI
DAVID M. HAMMER
WILLIAM F. ROHRBAUGH
CAROLINE J. STAFFORD
MARILYN ANN VROOM

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 22, 1989

Center Public Service District Sewer Revenue Bonds, Series 1989 A

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Center Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,415,213 Sewer Revenue Bonds, Series 1989 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated November 22, 1989, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1990, at the rate of 8.4% per annum, and with principal installments payable on October 1 in each of the years 1991 through 2021, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Local Statute"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Local Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Local Bonds; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on November 20, 1989, as supplemented by a supplemental resolution adopted November 20, 1989 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued and the Loan Agreement 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, under existing law, as follows:

1. The Issuer is a duly organized and validly existing public service district and political subdivision of the State of West Virginia, with corporate power and authority to construct and acquire the Project, 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.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate to the Issuer's outstanding Sewer Revenue Bonds, dated September 1, 1960, issued in the original aggregate

principal amount of \$420,000 (the "Prior Bonds"), all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds 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 net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from all direct taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The times for appeal of the Final Order of the Public Service Commission of West Virginia entered October 30, 1989 (Case No. 89-035-S-CN), granting to the Issuer a Certificate of Convenience and Necessity, and the Further Order entered November 9, 1989, have not expired prior to the date hereof. However, the staff of the Public Service Commission of West Virginia has stated in a letter dated November 17, 1989, that it does not intend to appeal such Order and there are no intervenors or other parties of record in the case, other than the Issuer. The Issuer has stated that it does not intend to appeal such Order.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Loan Agreement 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

West Virginia Water Development Authority
Page 4

We have examined the executed and authenticated Local 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,


STEPTOE & JOHNSON

11/19/89
CENJ.G3
13523/88001



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 22, 1989

Center Public Service District Sewer Revenue Bonds, Series 1989 B

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Center Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia of its \$209,787 Sewer Revenue Bonds, Series 1989 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated November 22, 1989, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1991 through 2029, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made part of the Supplemental Bonds.

The Supplemental Bonds are 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 "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated November 22, 1989, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to (i) the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1989 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith, and (ii) the Issuer's outstanding Sewer Revenue Bonds, dated September 1, 1960, issued in the original aggregate principal amount of \$420,000 (the "Prior Bonds").

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on November 20, 1989, as supplemented by a supplemental resolution adopted November 20, 1989 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

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

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

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Local Act and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains

provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate to the Local Bonds and the Prior Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

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

7. The times for appeal of the Final Order of the Public Service Commission of West Virginia entered October 30, 1989 (Case No. 89-035-S-CN), granting to the Issuer a Certificate of Convenience and Necessity and the Further Order entered November 9, 1989, have not expired prior to the date hereof. However, the staff of the Public Service Commission of West Virginia has stated in a letter dated November 17, 1989, that it does not intend to appeal such Order and there are no intervenors or other parties of record in the case, other than the Issuer. The Issuer has stated that it does not intend to appeal such Order.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds, the Supplemental Loan Agreement 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

West Virginia Water Development Authority
Page 4

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

Very truly yours,


STEPTOE & JOHNSON

11/19/89
CENJ.H3
13523/88001



STEPTOE & JOHNSON

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OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

November 22, 1989

Center Public Service District Sewer Revenue Bonds, Series 1989 A

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

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$1,415,213 aggregate principal amount of Sewer Revenue Bonds, Series 1989 A (the "Local Bonds"), of Center Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

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

West Virginia Water Development Authority
Page 2

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

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,


STEPTOE & JOHNSON

11/15/89
CENJ.12
13523/88001



BAILEY, WORRELL, VIERS & BROWNING

ATTORNEYS AT LAW

LYONS BUILDING

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ROBERT BAILEY
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ROBERT BROWNING, JR.

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November 22, 1989

Center Public Service District
Sewer Revenue Bonds
Series 1989 A and Series 1989 B

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

I am counsel to Center Public Service District, in Wyoming County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated November 22, 1989, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

BAILEY, WORRELL, VIERS & BROWNING

West Virginia Water
Development Authority, et al.
Page Three
November 22, 1989

2. The members of the Public Service Board of the Issuer have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

3. The Local Act has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, constructions of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered October 30, 1989 (Case No. 89-035-S-CN) granting to the Issuer a Certificate of Convenience and Necessity with respect to the Project, and the Further Order entered November 9, 1989, has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated November 17, 1989, that it does not intend to appeal such Order and there are no intervenors or other parties of record in the case other than the Issuer. The Issuer does not intend to appeal such Order.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board of body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the

BAILEY, WORRELL, VIERS & BROWNING

West Virginia Water
Development Authority, et al.
Page Three
November 22, 1989

transactions contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,


Robert D. Bailey, Jr.

RB:sh

CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Center Public Service District, in Wyoming County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$1,625,000 aggregate principal amount of Center Public Service District Sewer Revenue Bonds, Series 1989 A and Series 1989 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted November 20, 1989, and a Supplemental Resolution adopted November 20, 1989 (collectively, the "Local Act").

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

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

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 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 Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority.

The Issuer has an outstanding obligation which will rank senior and prior to the Bonds as to lien and source of and security of payment, being the Sewer Revenue Bonds, dated September 1, 1960, issued in the original aggregate principal amount of \$420,000 (the "Prior Bonds"). Other than the Prior Bonds, there are no outstanding debt obligations of the Issuer, which are secured by revenues or assets of the System.

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

Order of County Commission creating Public Service District.

Orders of County Commission appointing current members to Public Service Board.

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

Bond and Notes Resolution.

Prior Bonds Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Filing of PSC Application.

Minutes of 1989 Organizational Meeting of Public Service Board.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

EPA Grant Agreement, with Part B Amendment.

Public Service Commission Order entered October 30, 1989.

Further Order entered November 9, 1989, and PSC Staff notice of non-appeal.

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

| <u>Name</u> | <u>Date of Commencement of Office</u> | <u>Date of Termination of Office</u> |
|------------------|---------------------------------------|--------------------------------------|
| Betty S. Jackson | November, 1989 | October, 1991 |
| Robert J. Lonker | November, 1989 | October, 1993 |
| Johnny Ellison | November, 1989 | October, 1995 |

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1989 are as follows:

| | | |
|-----------|---|------------------|
| Chairman | - | Betty S. Jackson |
| Secretary | - | Nancy Broom |
| Treasurer | - | Robert J. Lonker |

The duly appointed and acting counsel to Issuer is Robert D. Bailey, Jr., Pineville, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

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

10. GRANTS: As of the date hereof, the United States Environmental Protection Agency has committed to the Issuer a grant in the amount of \$1,115,180. Such grant is, as of this date in full force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true

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

12. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered October 30, 1989 (Case No. 89-035-S-CN), granting to the Issuer a Certificate of Convenience and Necessity for the Project, approving rates and charges for the services of the System and approving the financing for the Project, and has adopted a resolution prescribing such rates and charges. The Issuer has also received a Further Order of the Public Service Commission of West Virginia entered November 9, 1989, correcting such Final Order. The times for appeal of such Orders have not expired prior to the date hereof. However, the staff of the Public Service Commission of West Virginia has stated in a letter dated November 17, 1989, that it does not intend to appeal such Orders and there are no intervenors or other parties of record in the case, other than the Issuer. The issuer does not intend to appeal such Orders.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated November 22, 1989, by her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being \$1,625,000 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a certificate of convenience and necessity with the Public Service

Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of or interest on such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

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

18. 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.

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of CENTER PUBLIC SERVICE DISTRICT on this 22nd day of November, 1989.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Walter S. Jackson
Nancy L. Brown
Robert D. Bailey

Chairman

Secretary

Counsel to Issuer

11/03/89
CENJ.K1
13523/88001



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A

CERTIFICATE AS TO ARBITRAGE

I, Betty S. Jackson, Chairman of the Public Service Board of Center Public Service District, in Wyoming County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,415,213 aggregate principal amount of Sewer Revenue Bonds, Series 1989 A, of the Issuer, dated November 22, 1989 (the "Local 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 Local 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 the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.
4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 22, 1989, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
5. In the Resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.
6. The Local Bonds and the Series 1989 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on November 22, 1989, to the West Virginia Water Development Authority

(the "Authority") for an aggregate purchase price of \$1,415,213 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) paying interest on the Local Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Local Bonds; and (iv) paying costs of issuance of the Local Bonds.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before March, 1991. Construction of the Project is expected to be completed by February, 1991.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$2,748,180. Sources and uses of funds for the Project are as follows:

SOURCES

| | |
|--------------------------------------|--------------------|
| Gross Proceeds of Local Bonds | \$1,415,213 |
| Gross Proceeds of Supplemental Bonds | 209,787 |
| EPA Grant | 1,115,180 |
| District Funds | <u>8,000</u> |
| Total Sources | <u>\$2,748,180</u> |

USES

| | |
|---|--------------------|
| Design, Acquisition and Construction of Project | \$2,422,138 |
| Capitalized Interest on Local Bonds | 182,812 |
| Funded Reserve for Local Bonds | 124,225 |
| Funded Reserve for Supplemental Bonds | 5,380 |
| Costs of Issuance of Bonds | <u>13,625</u> |
| Total Uses | <u>\$2,748,180</u> |

The amount of Project costs not expected to be reimbursed or paid from Supplemental Bond proceeds and the EPA Grant receipts is estimated to be at least equal to the gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds, the EPA Grant and interest earnings during construction, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Depreciation Fund;
- (4) Reserve Fund;
- (5) Renewal and Replacement Account;
- (6) Bond Construction Trust Fund;

- (7) Earnings Fund;
- (8) Rebate Fund;
- (9) Prior Bonds Sinking Fund;
- (10) Series 1989 A Bonds Sinking Fund, and within the Series 1989 A Bonds Sinking Fund the Series 1989 A Bonds Reserve Account; and
- (11) Series 1989 B Bonds Sinking Fund, and within the Series 1989 B Bonds Sinking Fund the Series 1989 B Bonds Reserve Account.

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

(1) Local Bonds proceeds in the amount of \$182,812 will be deposited in the Series 1989 A Bonds Sinking Fund and applied to payment of interest on the Local Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Local Bonds proceeds in the amount of \$124,225 and Supplemental Bonds proceeds in the amount of \$5,380 will be deposited in the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account, respectively.

(3) The balance of the proceeds of the Local Bonds and the Supplemental Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including payment of bank loans previously incurred, costs of issuance of the Bonds and related costs.

12. Moneys held in the Series 1989 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1989 A Bonds Sinking Fund and Series 1989 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1989 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1989 A Bonds Sinking Fund and the Series 1989 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, 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 Local Bonds. 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 Local Bonds, have been or will be pledged to payment of the Local Bonds. Less than 10% of the proceeds of the Local Bonds will be deposited in the Series 1989 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1989 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1989 A Reserve Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1989 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

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

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 16 months.

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

17. With the exception of the amount deposited in the Series 1989 A Bonds Sinking Fund for payment of interest on the Local Bonds and amounts deposited in the Series 1989 A Reserve Account, all of the proceeds of the Local Bonds will be expended on the Project within 17 months from the date of issuance thereof.

18. Any money deposited in the Series 1989 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1989 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.
19. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of March 16, 1989.
20. The amount designated as cost of issuance of the Local Bonds consists only of costs which are directly related to and necessary for the issuance of the Local Bonds.
21. All property financed with the proceeds of the Local Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.
22. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.
23. No more than 10% of the proceeds of the Local Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Local Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.
24. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.
25. The Issuer shall use the Local Bond proceeds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.
26. The Issuer shall not permit at any time or times any of the proceeds of the Local 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 Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bonds as "private activity bonds" 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 Local Bonds is excludable from gross income for federal income tax purposes.

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

28. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and 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 Local Bonds.

29. 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 Local Bonds.

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

31. The Issuer has either (a) funded the Series 1989 A Bond Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1989 A Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1989 A Bond Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1989 A Bond Reserve Account and the local sinking fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Local Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer 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 Local Bonds subject to rebate.

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

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.

35. Steptoe & Johnson 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 Local Bonds.

36. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 22nd day of November, 1989.

CENTER PUBLIC SERVICE DISTRICT

By 
Chairman

11/19/89
CENJ.L3
13523/88001



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

ENGINEER'S CERTIFICATE

I, LEONARD E. JOYCE, JR., Registered Professional Engineer, West Virginia License No. 9059, of Joyce ^{ENGINEERING} Engineers, Inc., consulting engineers, of Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing sewerage system of Center Public Service District in Wyoming County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority") and certain grant proceeds from the United States Environmental Protection Agency.

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Center Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) 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 22nd day of November, 1989.

ENGINEERING
JOYCE ENGINEERS, INC.

By



11/14/89
CENJ.M2
13523/88001

"EXHIBIT A"

DATE: 11/22/89

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Center Public Service District
TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

| | | |
|--|--------------|---------------------|
| 1. Construction | \$ 1,818,659 | |
| 2. Technical Services | \$ 342,649 | |
| 3. Legal and Fiscal | \$ 32,500 | |
| 4. Administrative | \$ 0 | |
| 5. Site and Other Lands | \$ 0 | |
| 6. Step I and/or Step II Design or Other Loan Repayment (Specify Type: _____) | \$ 140,050 | |
| 7. Interim Financing Costs | \$ 10,000 | |
| 8. Contingency | \$ 79,905 | |
| 9. Total of Lines 1 through 8 | | \$ <u>2,423,763</u> |

B. Sources of Funds

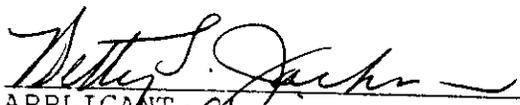
| | | |
|--|--------------|---------------------|
| 10. Federal Grants: ¹ EPA | \$ 1,115,180 | |
| (Specify Source) | \$ _____ | |
| 11. State Grants: ¹ | \$ _____ | |
| (Specify Source) | \$ _____ | |
| | \$ _____ | |
| | \$ _____ | |
| 12. Other Grants: ¹ | \$ _____ | |
| (Specify Source) | \$ _____ | |
| 13. Any Other Source ² Funds of District | \$ 8,000 | |
| (Specify) | \$ _____ | |
| 14. Total of Lines 10 through 13 | | \$ <u>1,123,180</u> |
| 15. Proceeds Required from Bond Issue (Line 9 less Line 14) | | \$ <u>1,300,583</u> |

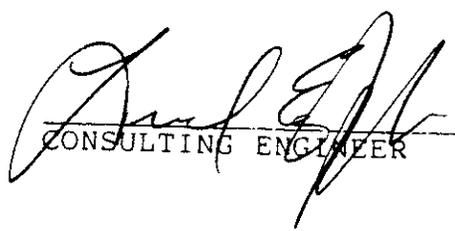
C. Cost of Financing

| | | |
|---|------------|---------------------|
| 16. Capitalized Interest (construction period plus six months) | \$ 182,812 | |
| 17. Funded Reserve Account ³ | \$ 129,605 | |
| 18. Other Costs ⁴ | \$ 12,000 | |
| | \$ _____ | |
| 19. Total Cost of Financing | | \$ <u>324,417</u> |
| 20. Size of Bond Issue (Line 15 plus Total from Line 19) | | \$ <u>1,625,000</u> |

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

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


APPLICANT - *Chairman*


CONSULTING ENGINEER



JAMES A. ZEHFUSS

Certified Public Accountant
Pineville, West Virginia 24874

Telephone (304) 732-6021

November 22, 1989

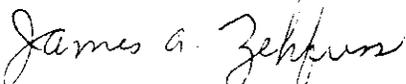
Center Public Service District
Sewer Revenue Bonds
Series 1989 A and Series 1989 B

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

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, entered October 30, 1989, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Joyce Engineers, Inc., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Center Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1989 A and Series 1989 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds including the Prior Bonds, as defined in the Resolution.

Very truly yours,


James A. Zehfuss



THOMAS H. SMITH

Overseer Oceana Recreation

Upon motion of W. C. Bailey, Jr., seconded by Charles H. Bower, it is the order of the Court that Thomas H. Smith replace Murvan Walker as overseer of the Oceana Recreation Program.

JAIL PHYSICIAN

Dr. E. M. Wilkinson

Upon motion of W. C. Bailey, Jr., seconded by Charles H. Bower, Dr. E. M. Wilkinson is re-hired as Jail Physician for the year 1959, at \$110.00 per month.

CONTRACT ACCEPTED

Southern Exterminating Co.

Upon motion of W. C. Bailey, Jr., seconded by Charles H. Bower, the Court accepts the contract of Southern Exterminating Company for the year 1959, at \$25.00 per month.

RESOLUTION & ORDER

Center Public Service District

At a regular meeting of the County Court of Wyoming County, West Virginia, held at the courthouse at Pineville at ten o'clock a.m., on the 8th day of January, 1959, there were present, Thomas H. Smith, President, presiding, and C. H. Bower and W. C. Bailey, Jr., Commissioners.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Center Public Service District as contemplated and provided for in an order heretofore passed by this court on the 2d day of December, 1958, the president announced that all persons residing in, or owning, or having any interest in property in such proposed public service district desiring to be heard for or against the creation would be heard, and all such interested persons desiring to be heard were given full opportunity.

The County Court, having further discussed and considered the feasibility of the creation of the proposed district, is of the opinion that in the public interest, the said district should be created.

Thereupon, W. C. Bailey, Jr. moved the passage of the following resolution and order, which motion was duly seconded by C.H. Bower and passed unanimously by said court.

ORDERS

WYOMING COUNTY COURT, WEST VIRGINIA

REGULAR

SESSION

TUESDAY

THE

6

DAY OF JANUARY

19 69

WHEREAS, the County Court of Wyoming County, West Virginia, did heretofore, by an order passed December 2, 1958, fix a date for a public hearing on the creation of the proposed Center Public Service District, and in and by said 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 order and by Article 13a of Chapter 16 of the Code of West Virginia, 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 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 Resolved and Ordered by the County Court of Wyoming County, West Virginia, as follows:

Section 1. That a public service district within Wyoming County, West Virginia, is hereby created, and such district shall have the following described boundaries: All of Center Magisterial District in said county.

Section 2. That said public service district so created shall have the name and corporate title of "Center Public Service District", and shall constitute a public corporation and political sub-division 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, Chapter 16 of the Code of West Virginia.

Section 3. That the County Court of Wyoming County, West Virginia, has determined that the territory within said county, being all of Center Magisterial District, 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.

ORDERS

WYOMING COUNTY COURT, WEST VIRGINIA

503

REGULAR

SESSION

TUESDAY

THE 6

DAY OF JANUARY

1959

The following resolution and order, the passage of which was duly moved by W. C. Bailey Jr. and seconded by C. H. Bower, was passed unanimously by the County Court of Wyoming County, West Virginia.

WHEREAS, the County Court of Wyoming County, West Virginia, did heretofore, by resolution and order passed January 6, 1959, create Center Public Service District; and

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

WHEREAS, the incorporated town of Pineville, having a population, as shown by the census for the year 1950, of 1083, is located within the boundaries of said public service district;

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

Section 1. That the said court hereby finds and determines that the following persons, who are residents of Center Public Service District, are hereby appointed members of the public service board of said district, and their respective terms of office shall be as follows: Vaughan Stewart for a term of six years; from January 1, 1959; Fred L. Huffman for a term of four years from January 1, 1959; and Joe H. Hanswarger for a term of two years from January 1, 1959.

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 the oath of office, and thereafter said appointees constituting the initial public service board of Center Public Service District shall meet and organize in compliance with the provisions of Article 13a of Chapter 16 of the Code of West Virginia.

- - -

PARKING PLACES ASSIGNED

County officials

Upon motion of W. C. Bailey, Jr., seconded by Thomas H. Smith, Charles H. Bower not voting, Howard Cook is authorized to assign parking places to county officials on the county parking lot.

- - -

October 20, 1928

STATE OF WEST VIRGINIA

County Clerk's Office, Princeton

I, John B. ..., Clerk of the County Commission of West Virginia, do certify that the ... is correct, as shown by the records of this office.

Witness my hand and official seal this

... day of ..., 19...

... Clerk
... Deputy



ORDERS

WYOMING COUNTY COMMISSION, WEST VIRGINIA

Regular SESSION Tuesday THE 21st DAY OF November 19 89

deceased, acknowledging that she has properly accounted for all receipts coming into her hands from said estate and made proper distribution therefore, and that her accounting is final and complete. Inzer Rose and the surety on her bond, if any, are hereby released and forever discharged from all further liability regarding said estate.

FINAL ACCOUNTING

Barbara Jean Hall, Executrix of the estate of Delphia Marie Hall, Deceased.

This day the Commission approved the final accounting of Barbara Jean Hall, Executrix of the estate of Delphia Marie Hall, deceased, acknowledging that she has properly accounted for all receipts coming into her hands from said estate and made proper distribution therefore, and that her accounting is final and complete. Barbara Jean Hall and the surety on her bond, if any, are hereby released and forever discharged from all further liability regarding said estate.

FINAL ACCOUNTING

French J. Damewood, II, Executor of the estate of Josephine Worthington Damewood Williams, Deceased.

This day the Commission approved the final accounting of French J. Damewood II, Executor of the estate of Josephine Worthington Damewood Williams, deceased, acknowledging that he has properly accounted for all receipts coming into his hands from said estate and made proper distribution therefore, and that his accounting is final and complete. French J. Damewood II and the surety on his bond, if any, are hereby released and forever discharged from all further liability regarding said estate.

CENTER PUBLIC SERVICE DISTRICT

Renewal of Appointments

The County Commission received a letter from the Center Public Service District asking them to renew the appointments of Robert J. Lonker, John E. Ellison and Betty S. Jackson for an additional term. The request was approved by said Court.

OATH OF OFFICE

Betty S. Jackson, Center PSD

This day the Commission approved the Oath of Office for Betty S. Jackson as a member of the Center Public Service District's board for a two year term.

OATH OF OFFICE

John E. Ellison, Center PSD

This day the Commission approved the Oath of Office for John E. Ellison as a member of the Center Public Service District's board for a four year term.

OATH OF OFFICE

Robert G. Lonker, Center PSD

This day the Commission approved the Oath of Office for Robert G. Lonker as a member of the Center Public Service District's board for a six year term.

EXONERATIONS/REFUNDS

This day the commission approved the following exonerations and/or refunds:

Dalley R. & Frankie I. Maynard

The Maynards were assessed a double-wide trailer on the 4.3 acre tract on the 1989 Lnad Book. Ronald Lusk bought the property from the Maynard's in March, 1988, but did not record his deed. the double-wide trailer was repossessed from the Maynard's and removed from the property May, 1988. Ronald Lusk paid the 1989 taxes on this property and should have a refund on \$6,277 assessed valuation; a refund in the amount of \$75.88.

Mary Jayne Broyles

Mrs. Broyles was erroneously assessed on the 1988 Lnad Book in Center District with a house trailer on Lot 12, Ramey Sub-Div. The house trailer burned in 1986 and should not have been assessed for the 1988 tax year. Therefore, she should have a refund on the \$4955 valuation of the trailer, or a refund of taxes in the amount of \$59.90 for the 1988 Tax Year.

Mary Jayne Broyles

Mrs. Broyles is erroneously assessed on the 1989 Land Book in Center District with a house trailer on

WPA

Pineville:

, Clerk of the County Commission

West Virginia, do certify that the

1954 10/11 is correct, on

of this office.

for my hand and official seal as

WPA

WPA

WPA

WPA



State of West Virginia,
County of Wyoming, to-wit:

I, Betty Jackson, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and I further swear that I will faithfully and honestly discharge my duties as a member of the Center Public Service District Board

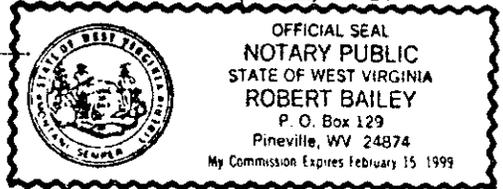
until my successor is duly elected or appointed, and qualified according to law, to the best of my skill and judgment, so help me God.

Betty Jackson
Affiant.

Taken, subscribed and sworn to before me this 8th day of August, 19 89

Robert Bailey
N. P.

My Commission Expires 15th day of February, 19 99



State of West Virginia,
County of Wyoming, to-wit:

I, Robert Joe Lonker, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and I further swear that I will faithfully and honestly discharge my duties as a member of the Center Public Service District Board

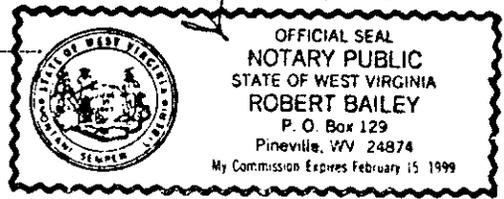
until my successor is duly elected or appointed, and qualified according to law, to the best of my skill and judgment, so help me God.

Robert J. Lonker, Affiant.

Taken, subscribed and sworn to before me this 17th day of November, 19 89

Robert Bailey, N. P.

My Commission Expires 15th day of February, 19 99



OATH OF OFFICE

State of West Virginia,
County of Wyoming, to-wit:

I, John E. Ellison, do solemnly swear that I will support the Constitution of the United States, and the Constitution of this State, and I further swear that I will faithfully and honestly discharge my duties as a member of the Center Public Service District Board

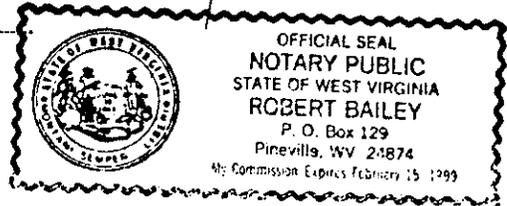
until my successor is duly elected or appointed, and qualified according to law, to the best of my skill and judgment, so help me God.

John E. Ellison, Affiant.

Taken, subscribed and sworn to before me this 17th day of November, 19 89

Robert Bailey, N. P.

My Commission Expires 15th day of February, 19 99





PUBLISHER'S CERTIFICATE

I, Janet L. Halsey
of INDEPENDENT HERALD, INC.,
corporate publishers of the INDEPEN-
DENT HERALD, a newspaper of
general circulation published at Pine-
ville, Wyoming County West Virginia,
do hereby certify that the

NOTICE

Center Public Service District
Wyoming County, West Virginia
\$2,000,000 Sewer Revenue
Bond
hereto attached, was published in said
newspaper on the following dates, viz:

On January 25, 1989
February 1, 1989

INDEPENDENT HERALD, INC.

By Janet L. Halsey
Janet L. Halsey

Publisher's Fee, \$104.93

STATE OF WEST VIRGINIA
COUNTY OF WYOMING, to-wit:

Subscribed and sworn to before me in
my said county this 1st day of February
1989

Ronald J. Mullens
Notary Public

My commission expires 8-17-92

Superior-Welch X5293-1

20A

NOTICE
CENTER PUBLIC SERVICE DISTRICT
WYOMING COUNTY, WEST VIRGINIA
\$2,000,000 Sewer Revenue Bonds

and \$5,000,000 Sewerage System Interim Borrowing
NOTICE IS HEREBY GIVEN to the residents of Center Public Service
District, Wyoming County, West Virginia, that Center Public Service District
intends to construct, operate and maintain certain public service properties,
namely a new sewer treatment plant and replacement and rehabilitation of
sewerage lines (the "Project") in Center Public Service District.

The District contemplates financing the Project in part through the issuance
of its Sewer Revenue Bonds in the aggregate principal amount of not to exceed
\$2,000,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with
maturities not to exceed 40 years, and in part from grants from the United States
Environmental Protection Agency. The estimated cost of the Project, accord-
ing to Joyce Engineering, Inc., Consulting Engineers, is \$2,750,000.

At or prior to commencement of construction of the Project, the District con-
templated borrowing, on an interim basis from time to time, sums not to exceed
\$5,000,000 in the aggregate, such borrowings to be in the form of design notes,
bond anticipation notes, grant anticipation notes, construction notes or some
combination of the foregoing (collectively, the "Notes"). The Notes shall bear
interest at a rate not to exceed 12% per annum, and shall have maturities not
to exceed 48 months. All such interim borrowing will be temporary, and repay-
ment of the Notes will be made from proceeds of the Notes, the Bonds, the
aforesaid grants, construction charges, revenues of the Project or a combina-
tion of the foregoing.

As security for payment of the Notes, the District may obtain a letter or let-
ters of credit from a commercial bank or banks for an amount not to exceed
\$5,000,000. In connection with obtaining such letter or letters of credit, the District
may enter into agreements with such banks, obligating the District to reim-
burse such banks for any draw under the letter or letters of credit and to issue
its sewerage system refunding notes in an amount equal to such draw to evidence
such reimbursement obligation. Such refunding notes, if any, will bear interest
at such rate of rates, not exceeding 12% per annum, payable on such dates;
will mature on such date, not more than 48 months from the date of issuance
thereof; will be redeemable; will be payable from the same sources as the Notes
described above and will be subject to such other terms, all as will be set forth
in such reimbursement agreement.

The rates to be charged by the District for sewer services are estimated not
to exceed the following:

| | |
|--------------------------|------------------------|
| First 2,000 gallons | 6.40 per 1,000 gallons |
| Next 8,000 gallons | 3.48 per 1,000 gallons |
| Next 10,000 gallons | 2.90 per 1,000 gallons |
| Next 30,000 gallons | 2.61 per 1,000 gallons |
| Next 50,000 gallons | 2.03 per 1,000 gallons |
| Next 100,000 gallons | 1.74 per 1,000 gallons |
| All over 200,000 gallons | 1.30 per 1,000 gallons |
| Minimum Bill | \$12.80 |
| Connection Fee—\$150.00 | |

On March 27, 1989, the District will file its formal application to the Public
Service Commission of West Virginia for a Certificate of Convenience and
Necessity for the acquisition and construction of the Project.

s/s JERRY BLEDSOE
Chairman, Public Service Board
Center Public Service District
(1-25-21)



RULES OF PROCEDURE

CENTER PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CENTER PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Wyoming County Courthouse, Pineville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Center Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Wyoming County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy.

Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2nd Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the

front door of the Wyoming County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Wyoming County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

CENTER PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Center Public Service District will meet in special session on _____, at _____ .m., prevailing _____ time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$ _____, to provide funds for construction of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the

minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

11/21/89
GENJ.EE1
13523/88001



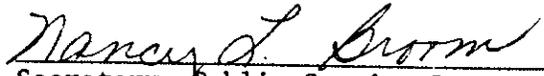
MINUTES OF ORGANIZATIONAL MEETING FOR CURRENT YEAR

On January 10, 1989, a meeting was held at Pineville, West Virginia, to nominate and reelect officers for the year 1989 for Center Public Service District Board.

The meeting was called to order by Chairman, Daniel J. Bledsoe, and the following people were nominated and elected to the following offices:

| | | |
|-----------|---|-------------------|
| Chairman | - | Daniel J. Bledsoe |
| Secretary | - | Nancy Broom |
| Treasurer | - | Robert J. Lonker |

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.


Secretary, Public Service Board
Center Public Service District

11/29/89
CENJ.DD2
13523/88001

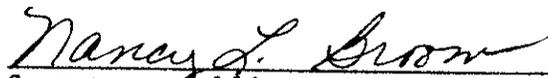
MINUTES OF ORGANIZATIONAL MEETING FOR CURRENT YEAR

On June 13, 1989, a meeting was held at Pineville, West Virginia, to nominate and elect a new Chairman following the resignation of Daniel J. Bledsoe from the Center Public Service District Board.

The meeting was called to order by Treasurer, Robert J. Lonker, and the following boardmember was nominated and elected to the following office:

Chairman - Betty S. Jackson

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.


Secretary, Public Service Board
Center Public Service District

11/29/89
GENJ.W1
13523/88001



The Board of Directors for Center Public Service District met November 20, 1989. Those present were:

Johnny Ellison: Member
Robert Lonker: Treas/Bookkeeper
Betty Jackson: Chairman
Nancy Broom: Secretary
Robert Bailey: Attorney

The meeting was called to order by Ms. Jackson. Mr. Bailey discussed with members resolutions that needed to be adopted. Upon motion of Mr. Ellison, seconded by Mr. Lonker, the following resolutions were adopted:

1. Resolution providing complete information on the Sewer Revenue Bonds Series 1989 A and Series 1989 B of Center Public Service District.

2. Supplemental Resolution approving Sewer Revenue Bonds Series 1989 A and Series 1989 B.

Both the Resolution and Supplemental Resolution are attached as Exhibits A and B to these minutes.

Mr. Bailey also informed that Ms. Jackson, Mr. Lonker and Ms. Broom has a meeting with the Water Development Authority on November 21, 1989, at 10:30 o'clock a.m. at their offices in Dunbar, West Virginia. He will have all necessary documents to Ms. Broom that will be needed for this meeting.

Minutes of previous meeting, October 10th, was presented for approval. Upon motion of Mr. Ellison, seconded by Mr. Lonker, these will be accepted as written.

The following invoices were approved for payment on motion of Mr. Lonker, seconded by Mr. Ellison:

| | |
|-------------------------------------|-------------|
| Salaries | \$ 3,179.00 |
| WV Public Employees Insurance | 454.00 |
| WV Public Employees Retirement | 240.25 |
| First Community Bank (fax services) | 9.20 |
| C&P Telephone Co. | 96.43 |
| Appalachian Power Co. | 95.49 |

| | |
|--------------------------|-------------|
| Town Gas Co. | 11.14 |
| Municipal Water (water) | 7.35 |
| Municipal Water Works | 800.00 |
| Rental Uniform Services | 40.82 |
| Steve Workman | 120.00 |
| Ashland Petroleum Co. | 43.81 |
| Cook's Hardware & Supply | 134.78 |
| Wyoming Lumber & Supply | 16.70 |
| Davis Auto Parts, Inc. | 22.83 |
| Gene's Wrecker Services | 148.84 |
| | <hr/> |
| TOTAL EXPENSES | \$ 5,420.64 |

No further business. Motion to recess was made by Mr. Lonker, seconded by Mr. Ellison, at 8:15 p.m.

/s/ Betty S. Jackson

Chairman

/s/ Robert J. Lonker

/s/ John E. Ellison

I certify that the above are members of the District.

I further certify that the foregoing is a true and correct copy of the minutes of the November 20, 1989 meeting of the Center Public Service District.

Nancy L. Brown
Secretary



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

MORGANTOWN OFFICE
1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
TELECOPIER (304) 598-8116

RANDALL C. LIGHT
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI
DAVID M. HAMMER
WILLIAM F. ROHRBAUGH
CAROLINE J. STAFFORD
MARILYN ANN VROOM
MATTHEW J. MULLANEY
BRENT O. BURTON
PAUL R. CRANSTON
JONATHAN P. JESTER
GRACE J. WIGAL

OF COUNSEL
RALPH BOHANNON

November 30, 1989

WRITER'S DIRECT DIAL NUMBER

Center Public Service District Sewer Revenue Bonds, Series 1989 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Vincent A. Collins
by NLW

Vincent A. Collins

Enclosure

Copies of letter with enclosure to:
Samme L. Gee, Esquire
Robert D. Bailey, Jr., Esquire

11/29/89

CENJ.02

13523/88001

Form **8038-G**
(December 1986)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

Under Section 149(e)

(Use Form 8038-GC if issue price is under \$100,000.)

OMB No. 1545-0720

Expires 12-31-89

Part I Reporting Authority

1 Issuer's name Check box if Amended Return
Center Public Service District

2 Issuer's employer identification number
55-6011249

3 Number and street
Post Office Box 760

4 Report number
G1989 - 1

5 City or town, state, and ZIP code
Pineville, West Virginia 24874

6 Date of issue
November 22, 1989

Part II Type of Issue (check box(es) that applies)

7 Check box if bonds are tax or other revenue anticipation bonds

8 Check box if bonds are in the form of a lease or installment sale

9 Education

10 Health and hospital

11 Transportation

12 Public safety

13 Environment (including sewage bonds) **Sewer Revenue Bonds, Series 1989 A**

14 Housing

15 Utilities

16 Other. Describe (see instructions)

| Issue Price |
|-------------|
| \$1,415,213 |
| |
| |
| |

Part III Description of Bonds

| | (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 |
|-------------------|----------------------|----------------------|--------------------|--|----------------------------------|--------------|--------------------------|
| 17 Final maturity | 10/01/29 | 8.4 % | \$ 114,398 | \$ 114,398 | | | |
| 18 Entire issue | | | 1,415,213 | 1,415,213 | 28.6 years | 8.4% | 8.4% |

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

| | | |
|--|----|-----------|
| 19 Proceeds used for accrued interest | 19 | -0- |
| 20 Proceeds used for bond issuance costs (including underwriters' discount) (includes capitalized interest of \$182,812) | 20 | 196,437 |
| 21 Proceeds used for credit enhancement | 21 | -0- |
| 22 Proceeds allocated to reasonably required reserve or replacement fund | 22 | 124,225 |
| 23 Proceeds used to refund prior issues | 23 | -0- |
| 24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c)) | 24 | 1,094,551 |

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded years

26 Enter the last date on which the refunded bonds will be called years

27 Enter the date(s) the refunded bonds were issued years

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue -0-

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply

c Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) -

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units and enter the amount -

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer **West Virginia Water Development Authority** and the date of the issue **March 16, 1989**

Please Sign Here

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.

Walter B. Johnson
Signature of officer

Nov. 22, 1989
Date

Chairman of Board
Title



WV MUNICIPAL BOND COMMISSION
 Suite 337 Building 3
 1800 Washington St. E
 State Capitol Complex
 Charleston, WV 25305
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: Nov. 22, 1989

(See Reverse for Instructions)

ISSUE: CENTER PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds, Series 1989 A
 ADDRESS: P. O. Box 1559, Pineville, WV 24874 COUNTY: Wyoming
 PURPOSE: New Money
 OF ISSUE: Refunding Refunds issue(s) dated: _____
 ISSUE DATE: November 22, 1989 CLOSING DATE: November 22, 1989
 ISSUE AMOUNT: \$ 1,415,213 RATE: 8.4%
 1st DEBT SERVICE DUE: April 1, 1990 1st PRINCIPAL DUE: October 1, 1990
 1st DEBT SERVICE AMOUNT: \$42,597.91 PAYING AGENT: WV Municipal Bond Commission

ISSUERS UNDERWRITERS
 BOND COUNSEL: Steptoe & Johnson BOND COUNSEL: Jackson & Kelly
 Contact Person: Vincent A. Collins, Esq. Contact Person: Samme L. Gee, Esq.
 Phone: 624-8161 Phone: 340-1318
 CLOSING BANK: First Community Bank, Inc. ESCROW TRUSTEE: _____
 Contact Person: Shirley Webb Contact Person: _____
 Phone: 487-9000 Phone: _____
 KNOWLEDGEABLE ISSUER CONTACT OTHER: _____
 Contact Person: Nancy Broom Contact Person: _____
 Position: Secretary Function: _____
 Phone: 732-6255 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ -0-
 By Wire _____ Capitalized Interest: \$ 182,812
X Check _____ Reserve Account: \$ 124,225
 _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
 By Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund: \$ _____
 _____ To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

WV MUNICIPAL BOND COMMISSION
 Suite 337 Building 3
 1800 Washington St. E
 State Capitol Complex
 Charleston, WV 25305
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: Nov. 22, 1989

(See Reverse for Instructions)

| | |
|---|---|
| ISSUE: <u>CENTER PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds, Series 1989 B</u> | |
| ADDRESS: <u>P. O. Box 1559, Pineville, WV 24874</u> | COUNTY: <u>Wyoming</u> |
| PURPOSE: <u>New Money</u> <input checked="" type="checkbox"/> <u>Refunding</u> <input type="checkbox"/> | Refunds issue(s) dated: _____ |
| ISSUE DATE: <u>November 22, 1989</u> | CLOSING DATE: <u>November 22, 1989</u> |
| ISSUE AMOUNT: \$ <u>209,787</u> | RATE: <u>0%</u> |
| 1st DEBT SERVICE DUE: <u>October 1, 1991</u> | 1st PRINCIPAL DUE: _____ |
| 1st DEBT SERVICE AMOUNT: <u>\$5,379.30</u> | PAYING AGENT: <u>MBC - OVBZ One Valley Bank, National Association</u> |
| ISSUERS | UNDERWRITERS |
| BOND COUNSEL: <u>Steptoe & Johnson</u> | BOND COUNSEL: <u>Jackson & Kelly</u> |
| Contact Person: <u>Vincent A. Collins, Esq.</u> | Contact Person: <u>Samme L. Gee, Esq.</u> |
| Phone: <u>624-8161</u> | Phone: <u>340-1318</u> |
| CLOSING BANK: <u>First Community Bank, Inc.</u> | ESCROW TRUSTEE: _____ |
| Contact Person: <u>Shirley Webb</u> | Contact Person: _____ |
| Phone: <u>487-9000</u> | Phone: _____ |
| KNOWLEDGEABLE ISSUER CONTACT | OTHER: _____ |
| Contact Person: <u>Nancy Broom</u> | Contact Person: _____ |
| Position: <u>Secretary</u> | Function: _____ |
| Phone: <u>732-6255</u> | Phone: _____ |
| DEPOSITS TO MBC AT CLOSE: | Accrued Interest: \$ <u>-0-</u> |
| By <input type="checkbox"/> Wire | Capitalized Interest: \$ <u>-0-</u> |
| <input checked="" type="checkbox"/> Check | Reserve Account: \$ <u>5,380</u> |
| | Other: \$ _____ |
| REFUNDS & TRANSFERS BY MBC AT CLOSE: | |
| By <input type="checkbox"/> Wire | To Escrow Trustee: \$ _____ |
| <input type="checkbox"/> Check | To Issuer: \$ _____ |
| <input type="checkbox"/> IGT | To Cons. Invest. Fund: \$ _____ |
| | To Other: \$ _____ |
| NOTES: _____ | |
| FOR MUNICIPAL BOND COMMISSION USE ONLY: | |
| DOCUMENTS | |
| REQUIRED: _____ | |
| TRANSFERS | |
| REQUIRED: _____ | |



NOV. 10 1986



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

117.3

OCT 7 1986

CERTIFIED MAIL

RE: C-540567-01
Center Public Service
District

RECEIVED

NOV 3 1986

WATER DEVELOPMENT AUTHORITY

Mr. Daniel J. Bledsoe, Chairman
Center Public Service District
P.O. Box 344
Pineville, West Virginia 24874

Dear Mr. Bledsoe:

We are pleased to inform you of the award of a Step 2/3 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 \$1,038,670, 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 Ms. Catherine Mastropieri, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, DNR
Mr. Edgar Henry, WDA
L. E. Joyce, Incorporated

| 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) | | |
| 1. ADMINISTRATION EXPENSE | | 32,500 |
| 2. PRELIMINARY EXPENSE | | |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | | 43,650 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | | 39,000 |
| 6. PROJECT INSPECTION FEES | | 82,750 |
| 7. LAND DEVELOPMENT | | |
| 8. RELOCATION EXPENSES | | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | | |
| 10. DEMOLITION AND REMOVAL | | |
| 11. CONSTRUCTION AND PROJECT IMPROVEMENT | | 1,455,000 |
| 12. EQUIPMENT | | |
| 13. NONCONSTRUCTION Design Allowance | | 90,129 |
| 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 | | 145,471 |
| 19. TOTAL (Share: Recipient <u>45</u> % Federal <u>55</u> %) | | 1,888,500 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT | \$ | 1,038,670 |

**U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION**

| | |
|---------------------------------------|------------------------------|
| 1. ASSISTANCE ID NO. C-540567-01-0 | 2. LOG NUMBER Three - C |
| 3. DATE OF AWARD SEP 30 1986 | 4. FILING DATE OCT 7 1986 |

| | | | |
|---|-------------------------------------|---|---|
| 5. AGREEMENT TYPE | | 6. PAYMENT METHOD | |
| Cooperative Agreement | <input type="checkbox"/> | <input type="checkbox"/> Advance | <input checked="" type="checkbox"/> Reimbursement |
| Grant Agreement | <input checked="" type="checkbox"/> | <input type="checkbox"/> Letter of Credit | |
| Assistance Amendment | <input type="checkbox"/> | 7. TYPE OF ACTION | |
| Send Payment Request To: Grants Management Section | | New | |

| | |
|--|--|
| 8. RECIPIENT Center Public Service District P.O. Box 344 Pineville, West Virginia 24874 | 9. PAYEE Center Public Service District P.O. Box 344 Pineville, West Virginia 24874 |
| | |

| | |
|--|--|
| 11. PROJECT MANAGER AND TELEPHONE NO. Daniel J. Bledsoe, Chairman (304) 732-6262 | 12. CONSULTANT (WWT Construction Grants Only) L.E. Joyce & Company, Incorporated P.O. Box 1886 Princeton, West Virginia 24740 (304) 487-6107 |
|--|--|

| | |
|---|---|
| 13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania | 14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief Virginia-West Virginia Section (215) 597-9131 |
|---|---|

| | | | |
|--|--|---|---------------------------------------|
| 15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins (202)382-5184 | 16. STATE APPL ID (Clearinghouse) | 17. FIELD OF SCIENCE -N/A | 18. PROJECT STEP (WWT CG Only) II/III |
| 19. STATUTORY AUTHORITY Clean Water Act, Title II | 20. REGULATORY AUTHORITY 40 CFR Parts 30 & 35 | 21. STEP 2 + 3 & STEP 3 (WWT Construction Only) | |
| | | a. Treatment Level | 3 |
| | | b. Project Type | ICT |
| | | c. Treatment Process | 2 |
| | | d. Sludge Design | 5 |

22. PROJECT TITLE AND DESCRIPTION Design and Construction for wastewater treatment plant improvements to meet NPDES discharge standards. The eligible project includes associate costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Area Impacted by Project)

| | | | |
|-----------|---------|-------|------------------------|
| City/Town | County | State | Congressional District |
| Pineville | Wyoming | WV | 4th |

| | | |
|---|-------------------------------------|--|
| 24. ASSISTANCE PROGRAM (CPDA Program No. & Title) 66.418 | 25. PROJECT PERIOD 09/86 - 12/89 | 26. BUDGET PERIOD N/A |
| 27. COMMUNITY POPULATION (WWT CG Only) 3,600 | 28. TOTAL BUDGET PERIOD COST N/A | 29. TOTAL PROJECT PERIOD COST \$1,888,500 |

| FUNDS | FORMER AWARD | THIS ACTION | AMENDED TOTAL |
|-----------------------------------|--------------|-------------|---------------|
| 30. EPA Amount This Action | | 1,038,670 | |
| 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 | | 1,888,500 | |

| | | | | | | | |
|------------|-----------------|----|---------------|------------------|----------------|--------------|-----------------------------|
| 39. FISCAL | Program Element | FY | Appropriation | Doc. Control No. | Account Number | Object Class | Obligation/Debtblig. Amount |
| | GRAW80 | 86 | 68X0103.J | WB6009 | 6GRA036006 | 41.11 | \$1,038,670 |

RECEIVED
NOV 3 1986
WATER DEVELOPMENT AUTHORITY

h. 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 Center Public Service District

for 55 % of all approved costs incurred up to and not exceeding \$ 1,038,670

for the support of approved budget period effort described in application (including all application modifications) C-540567-01 Center Public Service District

included herein by reference.

ISSUING OFFICE (Grants Administration Office)

ORGANIZATION/ADDRESS
Environmental Protection Agency
Grants Management Section (3PM32)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS
Environmental Protection Agency
Water Management Division (3WMOO)
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

James M. Seif, Regional Administrator

DATE

SEP 30 1986

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

Daniel J. Bledsoe, Chairman

DATE

9/30/86

JUL 21

JOYCE
EWGS. T



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

July 19, 1989

LARRY W. GEORGE
Deputy Director

Ms. Betty S. Jackson, Chairman
Center Public Service District
P. O. Box 760
Pineville, West Virginia 24874

RE: Center PSD
C-540567-01

Dear Ms. Jackson:

You are hereby advised that the bidding procedures for Contracts 1 and 2 have been reviewed and approved. The contracts may now be awarded to the low, responsive bidder, Coleman Trainer, Incorporated and Mendon Pipeline, Incorporated, as indicated by the proposals you have submitted.

The grantee shall determine the compliance and quality of Coleman Trainor's good faith efforts of MBE/WBE procurement and forward this information to DNR for review and approval.

The low bidders are responsible for the completeness of documentation of MBE/WBE procurement.

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

The Part B documents that you submitted are being reviewed by this office. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover. The total Eligible project costs are \$2,027,600 reflecting an EPA grant of \$1,115,180.

Should you have any questions, please contact Rosalie Ortega or Paul Frantz at (304) 348-0637.

Sincerely,

CONSTRUCTION GRANTS BRANCH

Mike Johnson
Mike Johnson, P. E.
Branch Head

MJ/roa

cc: Chuck Fogg, EPA
Bernie Yonkosky, WDA

2613



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

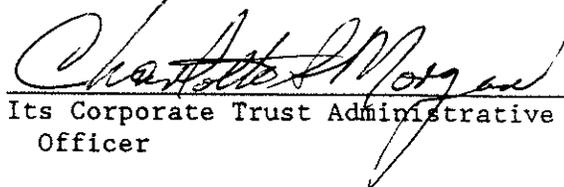
ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Center Public Service District Sewer Revenue Bonds, Series 1989 A and Series 1989 B, all dated November 22, 1989, in the aggregate principal amount of \$1,625,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 22nd day of November, 1989.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

11/14/89
CENJ.P2
13523/88001



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

FIRST COMMUNITY BANK, INC., a West Virginia banking corporation, with principal office in the City of Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of Center Public Service District, adopted November 20, 1989, authorizing issuance of the District's Sewer Revenue Bonds, Series 1989 A and Series 1989 B, both dated November 22, 1989, in the aggregate principal amount of \$1,625,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 22nd day of November, 1989.

FIRST COMMUNITY BANK, INC.

By Robert L. Shumaker
Its Vice Pres. & Trust Officer

11/14/89
GENJ.Q2
13523/89001



CENTER PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

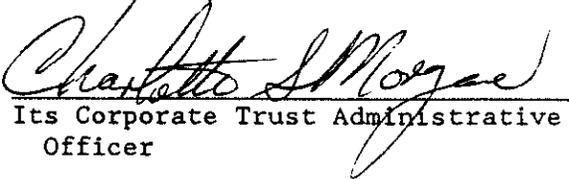
CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Local Act and Registrar's Agreement providing for the \$1,625,000 aggregate principal amount of Sewer Revenue Bonds, Series 1989 A and Series 1989 B, of Center Public Service District (the "Issuer"), hereby certify that on the 22nd day of November, 1989, the single fully registered Series 1989 A Bond of the Issuer in the principal amount of \$1,415,213 designated "Sewer Revenue Bond, Series 1989 A," numbered AR-1, and the single fully registered Series 1989 B Bond of the Issuer in the principal amount of \$209,787 designated "Sewer Revenue Bond, Series 1989 B," numbered BR-1, were registered as to principal and interest (the Series 1989 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 22nd day of November, 1989.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

11/14/89
CENJ.R2
13523/88001



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of November, 1989, by and between CENTER PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,625,000 aggregate principal amount of Sewer Revenue Bonds, Series 1989 A and Series 1989 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Resolution adopted November 20, 1989, and a Supplemental Resolution adopted November 20, 1989 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Center Public Service District
Post Office Box 760
Pineville, West Virginia 24874
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, CENTER PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CENTER PUBLIC SERVICE DISTRICT

By *Walter S. Jackson*
Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By *Charlotte Morgan*
Its Corporate Trust Administrative
Officer

11/14/89
CENJ.S2
13523/88001

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONE VALLEY
BANK

MS BETTY S. JACKSON
CHAIRMAN
CENTER PUBLIC SERVICE DISTRICT
P O DRAWER 1559
PINEVILLE, WV 24874

DATE NOVEMBER 22, 1989

| UNITS | ITEM DESCRIPTION | TOTAL |
|-------|---|----------|
| | CENTER PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS 1989 SERIES A & SERIES B ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT..... | \$500.00 |

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S MORGAN

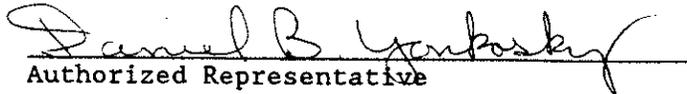


ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1989 A, of Center Public Service District in the principal amount of \$1,415,213, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: November 22, 1989.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

11/14/89
CENJ.T2
13523/88001



Interest exempt, in the opinion of counsel, from all present Federal Income Taxation. Tax free in the State of West Virginia.

\$420,000

CENTER PUBLIC SERVICE DISTRICT
Wyoming County, West Virginia

5%

Sewer Revenue Bonds

Dated: September 1, 1960 (Denomination \$1,000)

*Judges
City Council
City Clerk
will have to
records.
Due Serially*

Principal and semi-annual interest (March 1 and September 1) payable at the office of the State Sinking Fund Commission of West Virginia, Charleston, West Virginia.

MATURITIES

| <u>Amount</u> | <u>Maturity</u> <u>September 1</u> | <u>Amount</u> | <u>Maturity</u> <u>September 1</u> |
|---------------|---------------------------------------|--------------------|---------------------------------------|
| 1.11 \$ 4,000 | 1964 | 127 - 136 \$10,000 | 1983 |
| 5.8 4,000 | 1965 | 137 - 147 11,000 | 1984 |
| 9.13 5,000 | 1966 | 148 - 158 11,000 | 1985 |
| 14.18 5,000 | 1967 | 159 - 170 12,000 | 1986 |
| 19.23 5,000 | 1968 | 171 - 183 13,000 | 1987 |
| 24.28 5,000 | 1969 | 184 - 196 13,000 | 1988 |
| 29.33 6,000 | 1970 | 197 - 210 14,000 | 1989 |
| 35.42 6,000 | 1971 | 211 - 225 15,000 | 1990 |
| 41.46 6,000 | 1972 | 226 - 240 15,000 | 1991 |
| 47.51 6,000 | 1973 | 241 - 256 16,000 | 1992 |
| 53.57 7,000 | 1974 | 257 - 273 17,000 | 1993 |
| 60.66 7,000 | 1975 | 274 - 291 18,000 | 1994 |
| 67.73 7,000 | 1976 | 292 - 310 19,000 | 1995 |
| 74.81 8,000 | 1977 | 311 - 330 20,000 | 1996 |
| 82.89 8,000 | 1978 | 331 - 351 21,000 | 1997 |
| 90.98 9,000 | 1979 | 352 - 373 22,000 | 1998 |
| 99.07 9,000 | 1980 | 374 - 396 23,000 | 1999 |
| 107.16 9,000 | 1981 | 397 - 420 24,000 | 2000 |
| 115.25 10,000 | 1982 | | |

All bonds maturing on and after September 1, 1976, are callable as a whole or in part in their inverse numerical order on September 1, 1975, or on any interest payment date thereafter at 103 and accrued interest.

AUTHORITY and PURPOSE: These bonds are issued under authority of and in full compliance with the Constitution and Statutes of the State of West Virginia, including Article 13a of Chapter 16 of the Code of West Virginia, and an ordinance duly adopted by the Public Service Board of the Center Public Service District on August 10, 1960, for the purpose of constructing a complete sewage system and treatment plant and for the financing thereof.

SECURITY: These bonds, in the opinion of counsel, constitute a valid and binding obligation of the Center Public Service District, payable solely from the earnings of the sewer system which are set aside in a special fund to be known as "The Sewer Revenue Bonds Interest and Sinking Fund". They are secured equally and ratably by a first lien on the net revenues (gross revenues less operation and maintenance expenses) derived from the operation of the sewer system.

This information, while not guaranteed, has been obtained from sources which we consider reliable.

CHARLES A. HINSCH & COMPANY, INC.

Investment Securities

CHARLES A. HINSCH
HEIL RANSICK
ROBERT B. MEYER
EARL R. SHAFER

1001 FIFTH THIRD BANK BUILDING - MAIR 1-5353

MEMBER
CINCINNATI STOCK EXCHANGE

CINCINNATI 2, OHIO

THE BOND ORDINANCE provides for a deposit with the State Sinking Fund the sum of \$31,500.00 representing interest which will become due during the period September 1, 1960 to March 1, 1962, and that the District will adopt a "Proposed Annual Budget of Current Expenses" prior to the beginning of each fiscal year and that all revenues derived from rates and charges for sewer services shall be set aside into a special fund to be known as the "Sewer Revenue Fund" to be used and apportioned as follows:

First payments shall be made to the "Operation and Maintenance Fund" in an amount sufficient to meet the reasonable current costs of operation and maintenance.

Next payments shall be made each month to the "Sinking Fund" and remitted to the State Sinking Fund Commission in Charleston, West Virginia in the amount of \$2,485.00 until there has been accumulated and maintained the sum of \$50,000.00, after which the monthly amount to be so paid into said Sinking Fund each month may be reduced to \$2,133.00. No funds in said Sinking Fund shall be used to retire bonds in advance of maturity except that part in excess of actual principal and interest requirements for the succeeding twelve months on bonds then outstanding and the required reserve unless all bonds then outstanding are to be retired.

Next payments shall be made into a "Depreciation Fund" in an amount equal to 10% of the gross revenues paid into the Sewer Revenue Fund during the preceding monthly period until the amount in said fund aggregates \$40,000, and whenever withdrawals are made from said fund so as to reduce the balance to less than \$40,000, then payments shall continue until the amount is restored to \$40,000. Withdrawals and disbursements may be made from said Depreciation Fund for the purpose of meeting special or unforeseen emergencies or renewal or replacement work in connection with the operation and maintenance of the sewer facilities of the District, or for the payment of the cost of extensions and improvements to said system and also to make the payments of principal or interest on any of the bonds outstanding. The District will have the books audited annually on a calendar year basis by an independent Certified Public Accountant, and no later than April 1 of the succeeding year, a copy of such audit shall be promptly mailed to the original purchasers of the bonds and to any other bondholder that requests a copy of same.

PARITY BONDS: Additional bonds may be issued payable from the revenues of the sewer facilities of said District ranking on a parity with the bonds authorized in order to pay the cost of extensions and improvements to the sewer facilities; provided, there shall have been procured and filed with the Secretary of the Public Service Board a statement by an independent certified public accountant not in the regular employ of the District reciting the conclusion based upon the necessary investigation that the net revenues of said sewer facilities for twelve consecutive months out of the preceding eighteen months were equal to at least 1.35 times the maximum amount that will become due in any calendar year for both principal and interest on the bonds then outstanding and the additional bonds then proposed to be issued.

THE CENTER PUBLIC SERVICE DISTRICT was created by the County Court of Wyoming County after a public hearing on January 6, 1959. The District comprises all of the Center Magisterial District including the Town of Pineville, the county seat, and is located in the southwestern part of the State approximately miles northwest of Bluefield and miles southwest of Beckley. Transportation facilities are furnished by the Norfolk & Western Railroad and West Virginia State Routes #10 and #16. The District is operated by three commissioners appointed by the Wyoming County Court as required by law for the following terms:

| <u>NAME</u> | <u>OCCUPATION</u> | <u>TERM</u> |
|----------------------------|--|-------------|
| Vaughan Stewart (Chairman) | School Principal | 6 years |
| Fred L. Huffman | Owner Wyoming Lumber Co. | 4 years |
| Joe H. Hansbarger | Co-owner & Manager of Guyan Mobile Homes | 2 years |

The District was created primarily for the purpose of more efficiently and economically providing essential sewer service to the Town of Pineville and surrounding areas. The District officials (two of which include the Mayor and a Councilman of the Town of Pineville) and the Pineville Council have agreed and cooperated with

each other toward creation of the District and construction of the sewer system. Water service is furnished to the area by the municipally owned Pineville Water System, natural gas by the Pineville Gas Company, telephone service by the Chesapeake and Potomac Telephone Company, electric service by Appalachian Power Company and banking facilities by the Castle Rock Bank with assets of in excess of \$3,200,000.00.

The sewer system will serve the entire water service area which is estimated at 3,500 people and 707 consumers. The area is primarily residential in nature and includes high schools, grade schools, with a total enrollment of and churches. While the area is primarily residential, Wyoming County is the largest coal producing county in the State of West Virginia and also produces large quantities of natural gas and lumber, which industries provide employment to residents. The coal industry in Wyoming County has only been developed during recent years and consequently, is high mechanized. Production in this area remains steady due to the vast acreages of high quality high and low volatile coal. The Itmann mine located five miles east of Pineville is one of the worlds four top producing mines. Surveys and plans have been made for a new mine located 2 1/2 miles west of Pineville which is expected to surpass the huge Itmann mine in production. Population increase in the Pineville area during the past decade of over 25% and prospects of even greater increase during the next decade indicate economic stability.

THE SEWER SYSTEM: The system will consist of a main interceptor sewer approximately 34,692 feet in length (6.57 miles) varying in size from 8" to 15" and designed to carry a flow of 1,000,000 gallons per day. This should be adequate for many years into the future, as present requirements are only

The sewage treatment plant will consist of a mechanical settling tank, sludge digester, chlorine contact tank, pump house, laboratory and sludge drying beds, together with an outfall sewer into the Guyandotte River. The treatment plant is designed for a capacity of 600,000 gallons per day with provision for increased capacity to

Construction contracts have been entered into and are secured by 100% performance bonds. According to the terms of the contracts, the construction of all sewer facilities will be completed prior to March 1, 1962.

CONSUMER RATES

Following are the monthly rates charged for supplying sewer service, effective September 1, 1960, as provided by resolution adopted by the Board of Commissioners of the District, based upon the quantity of water supplied each month as measured by the water meters in use on the premises:

| | | |
|----------|-------------------|-------------------------|
| First | 2,000 gallons @ | \$3.00 (Minimum Charge) |
| Next | 8,000 gallons @ | .80 per 1,000 gallons |
| Next | 10,000 gallons @ | .70 per 1,000 gallons |
| Next | 30,000 gallons @ | .60 per 1,000 gallons |
| Next | 50,000 gallons @ | .50 per 1,000 gallons |
| Next | 100,000 gallons @ | .40 per 1,000 gallons |
| All Over | 200,000 gallons @ | .30 per 1,000 gallons |

Flat rate where no meter is available - \$4.50 per month

All bills shall be rendered monthly and a penalty of 10% of the amount of such bills shall be added to those not paid on or before the 10th day of the month following the month for which such bill is rendered. The property and the owner thereof, as well as the user of the service and facilities are liable for the payment thereof. All delinquent rates and charges shall be a lien upon the premises served and when such rates and charges have been delinquent for thirty (30) days, the District shall fore-close the lien on the premises as provided by law.

It is provided by law that all owners, tenants or occupants of any houses, building or premises within the District where sewer service is made available shall connect with and use such sewer facilities and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, buildings and premises.

By contract on the part of the District and the Town of Pineville, West Virginia (owner and operator of the Municipal Waterworks System within the District), it is agreed both water and sewer services shall be discontinued to all delinquent users of either water facilities or sewer facilities, or both, and neither service shall be restored until all delinquent charges for both water and sewer facilities, including penalties, have been paid in full.

Dennis M. Leary, Consulting Engineer, Beckley, West Virginia, is employed by the District and in charge of the construction of the Municipal Sewerage System and Sewage Treatment Plant. Estimates of the annual income and operating expenses upon completion of the construction of the system are as follows.

ANTICIPATED GROSS INCOME AND OPERATING EXPENSES:

The number of water consumers within the District and the total water billings for the periods represented are as follows:

| Fiscal Year July 1 | Number of Consumers | Billings Inside Corporate Limits of Pineville, West Virginia | Billings Outside Corporate Limits Pineville, W. Va. | Total Billings |
|-----------------------|------------------------|--|---|-------------------|
| 1957-1958 | 605 | \$26,366.43 | \$12,839.12 | \$39,205.55 |
| 1958-1959 | 629 | 26,906.55 | 13,752.86 | 40,659.41 |
| 1959-1960 | 657 | 28,117.48 | 14,949.52 | 43,067.00 |

Inasmuch as the rates heretofore set forth for sewer service is equivalent to 100% of the water charges, except to those users outside the corporate limits who pay a 25% surcharge, the

| | |
|---|-----------------|
| Annual sewer income based on the year 1959-60 from the 657 consumers is estimated at | \$40,077.10 |
| Allowance for water used not returning to the sewage system | <u>2,000.00</u> |
| | \$38,077.10 |
| Estimated annual income from 50 flat rate consumers not connected to the Pineville water system | 2,500.00 |
| Estimated annual income from new school now under construction | <u>350.00</u> |
| Total 708 sewer consumers, total estimated income | \$40,927.10 |

OPERATING EXPENSES

The contract between the District and the Town of Pineville further provides that the sewer system will be operated and maintained under the supervision of the Pineville Water Department and that all billing and collecting will be taken care of through the Water Department's office personnel. The District Commissioners, however, retain full control over all District operations and in the event it ever becomes more economical to operate separately, they have the privilege of so doing. Under the contract the District agrees to pay certain percentages of the salaries and wages of the Town water employees together with other nominal charges to reimburse the Town for the expenses it incurs. These expenses are estimated at \$4,000.00 annually.

In the event operation and maintenance expenses exceed \$4,000.00 annually, the contract provides the District will make application to the Public Service Commission for an increase in rates sufficient to pay the increased costs of operation.

| | |
|--|-----------------|
| Estimated Gross Income - - - - - | \$40,927.10 |
| Operation & Maintenance Expenses - - - - - | <u>4,000.00</u> |
| Net Available for Debt Service - - - - - | \$36,927.10 |

Average annual principal and interest, \$24,842.50, covered - 1.49 times.

Maximum principal and interest, \$25,600.00, (1966) covered - 1.44 times.

Average annual interest requirements, \$14,342.50, covered - 2.57 times.

While there has been a general increase in water consumption and users during the past years, no consideration has been given to future growth though the engineers feel an average annual increase of % will result.

While these bonds are payable solely from earned revenues, the following financial statement is given as a matter of information only:

| | <u>ASSESSED VALUATION</u> | <u>DEBT</u> |
|--------------------------------|---------------------------|-----------------|
| Wyoming County | \$70,877,480 | None |
| School District | 70,877,480 | \$3,378,000 |
| Center Magisterial District | \$ 8,080,140 | None |
| Center Public Service District | 8,080,140 | This Issue Only |
| Town of Pineville | \$ 2,592,540 | \$ 209,000* |

*Water Revenue Bonds payable solely from earnings of the water system.

| | |
|---------------|-----------------|
| Sinking Fund | \$39,860.00 |
| Cash - 7/1/60 | <u>7,434.00</u> |
| Total | \$47,294.00 |

Net Water Revenue Bonded Debt - \$161,706.

LEGAL OPINION: CHAPMAN & CUTLER - CHICAGO, ILLINOIS

AMORTIZATION SCHEDULE

\$420,000

CENTER PUBLIC SERVICE DISTRICT
Wyoming County, West Virginia

5%

Sewer Revenue Bonds
Dated 9/1/60 - Due September 1

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal and Interest</u> | <u>TOTAL ANNUAL REQUIREMENTS</u> |
|-------------|------------------|-----------------|---------------------------------------|--------------------------------------|
| 3/1/61 | | \$10,500 | \$10,500 | \$21,000 |
| 9/1/61 | | 10,500 | 10,500 | |
| 3/1/62 | | 10,500 | 10,500 | 21,000 |
| 9/1/62 | | 10,500 | 10,500 | |
| 3/1/63 | | 10,500 | 10,500 | 21,000 |
| 9/1/63 | | 10,500 | 10,500 | |
| 3/1/64 | | 10,500 | 10,500 | 25,000 |
| 9/1/64 | \$ 4,000 | 10,500 | 14,500 | |
| 3/1/65 | | 10,400 | 10,400 | 25,800 |
| 9/1/65 | 4,000 | 10,400 | 14,400 | |
| 3/1/66 | | 10,300 | 10,300 | 25,600 |
| 9/1/66 | 5,000 | 10,300 | 15,300 | |
| 3/1/67 | | 10,175 | 10,175 | 25,350 |
| 9/1/67 | 5,000 | 10,175 | 15,175 | |
| 3/1/68 | | 10,050 | 10,050 | 25,100 |
| 9/1/68 | 5,000 | 10,050 | 15,050 | |
| 3/1/69 | | 9,925 | 9,925 | 24,850 |
| 9/1/69 | 5,000 | 9,925 | 14,925 | |
| 3/1/70 | | 9,800 | 9,800 | 25,600 |
| 9/1/70 | 6,000 | 9,800 | 15,800 | |
| 3/1/71 | | 9,650 | 9,650 | 25,300 |
| 9/1/71 | 6,000 | 9,650 | 15,650 | |
| 3/1/72 | | 9,500 | 9,500 | 25,000 |
| 9/1/72 | 6,000 | 9,500 | 15,500 | |
| 3/1/73 | | 9,350 | 9,350 | 24,700 |
| 9/1/73 | 6,000 | 9,350 | 15,350 | |
| 3/1/74 | | 9,200 | 9,200 | 25,400 |
| 9/1/74 | 7,000 | 9,200 | 16,200 | |
| 3/1/75 | | 9,025 | 9,025 | 25,050 |
| 9/1/75 | 7,000 | 9,025 | 16,025 | |
| 3/1/76 | | 8,850 | 8,850 | 24,700 |
| 9/1/76 | 7,000 | 8,850 | 15,850 | |

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal and Interest</u> | <u>TOTAL ANNUAL REQUIREMENTS</u> |
|------------------|------------------|-------------------|---------------------------------------|--------------------------------------|
| 3/1/77 9/1/77 | \$ 8,000 | \$ 8,675 8,675 | \$ 8,675 16,675 | \$25,350 |
| 3/1/78 9/1/78 | 8,000 | 8,475 8,475 | 8,475 16,475 | 24,950 |
| 3/1/79 9/1/79 | 9,000 | 8,275 8,275 | 8,275 17,275 | 25,550 |
| 3/1/80 9/1/80 | 9,000 | 8,050 8,050 | 8,050 17,050 | 25,100 |
| 3/1/81 9/1/81 | 9,900 | 7,825 7,825 | 7,825 15,825 | 24,650 |
| 3/1/82 9/1/82 | 10,000 | 7,600 7,600 | 7,600 17,600 | 25,200 |
| 3/1/83 9/1/83 | 10,000 | 7,350 7,350 | 7,350 17,350 | 24,700 |
| 3/1/84 9/1/84 | 11,000 | 7,100 7,100 | 7,100 18,100 | 25,200 |
| 3/1/85 9/1/85 | 11,000 | 6,825 6,825 | 6,825 17,825 | 24,650 |
| 3/1/86 9/1/86 | 12,000 | 6,550 6,550 | 6,550 18,550 | 25,100 |
| 3/1/87 9/1/87 | 13,000 | 6,250 6,250 | 6,250 19,250 | 25,500 |
| 3/1/88 9/1/88 | 13,000 | 5,925 5,925 | 5,925 18,925 | 24,850 |
| 3/1/89 9/1/89 | 14,000 | 5,600 5,600 | 5,600 19,600 | 25,200 |
| 3/1/90 9/1/90 | 15,000 | 5,250 5,250 | 5,250 20,250 | 25,500 |
| 3/1/91 9/1/91 | 15,000 | 4,875 4,875 | 4,875 19,875 | 24,750 |
| 3/1/92 9/1/92 | 16,000 | 4,500 4,500 | 4,500 20,500 | 25,000 |
| 3/1/93 9/1/93 | 17,000 | 4,100 4,100 | 4,100 21,100 | 25,200 |
| 3/1/94 9/1/94 | 18,000 | 3,675 3,675 | 3,675 21,675 | 25,350 |
| 3/1/95 9/1/95 | 19,000 | 3,225 3,225 | 3,225 22,225 | 25,450 |
| 3/1/96 9/1/96 | 20,000 | 2,750 2,750 | 2,750 22,750 | 25,500 |

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal and Interest</u> | <u>TOTAL ANNUAL REQUIREMENTS</u> |
|-------------|------------------|-----------------|---------------------------------------|--------------------------------------|
| 3/1/97 | | \$ 2,250 | \$ 2,250 | |
| 9/1/97 | 21,000 | 2,350 | 23,350 | \$25,600 |
| 3/1/98 | | 1,725 | 1,725 | |
| 9/1/98 | 22,000 | 1,725 | 23,725 | 25,450 |
| 3/1/99 | | 1,175 | 1,175 | |
| 9/1/99 | 23,000 | 1,175 | 24,175 | 25,350 |
| 3/1/2000 | | 600 | 600 | |
| 9/1/2000 | 24,000 | 600 | 24,600 | 25,200 |





STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

CERTIFIED RETURN RECEIPT REQUESTED

ORDER NO.: 2715

DATE: July 7, 1989

TO: Center Public Service District
P. O. Box 760
Pineville, WV 24874

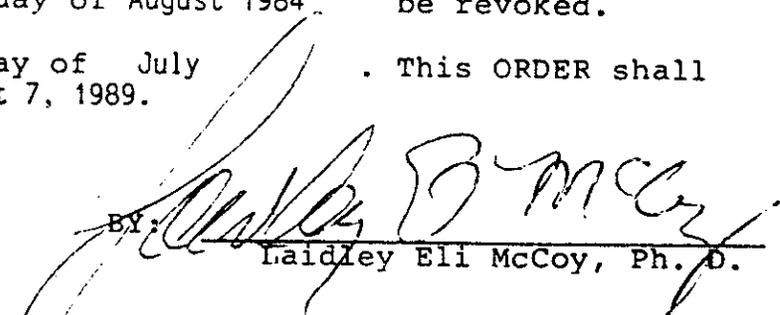
ORDER

REVOCATION OF WV/NPDES PERMIT NO. WV0027138

Based upon the issuance of a new permit, WV/NPDES Permit No. WV0027138 dated the 7th day of July 1989, issued pursuant to the submission and approval of Permit Application No. WV0027138, it is hereby:

. ORDERED that WV/NPDES Water Pollution Control Permit No. WV0027138 dated the 27th day of August 1984 be revoked.

Entered this 7th day of July . This ORDER shall become effective on August 7, 1989.

BY: 
Laidley Eli McCoy, Ph. D.

LEM:JDM:m11

Attachment



WRD 1A-82
Revised 5-89

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0027138

Issue Date: July 7, 1989

Subject: Sewage Facilities

Effective Date: August 7, 1989

Expiration Date: July 6, 1994

Supersedes: WV/NPDES Permit No. WV0027138
Issue Date August 27, 1984

| | | | |
|-----------|----------------------|---------------------|--------------------------------|
| Location: | Pineville (City) | Wyoming (County) | Guyandotte (Drainage Basin) |
| Outlet | Latitude: 37 ° 34 ' | 52 " N | |
| Sites: | Longitude: 81 ° 33 ' | 25 " W | |

To whom it may concern:

This is to certify that Center Public Service District, P. O. Box 760, Pineville, WV 24874 is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system comprised of approximately 30,800 linear feet of eight (8) inch diameter gravity sewer line, 8,800 linear feet of 10 inch diameter gravity sewer line, 13,200 linear feet of 15 inch diameter gravity sewer line, 300 manholes, two(2) lift stations with associated force mains and all requisite appurtenances.

To construct, install, operate and maintain a 0.4 MGD wastewater treatment plant comprised of an influent lift station, a mechanically cleaned bar screen, a grit removal system, two(2) 199,267 gallon sequential batch reactor chambers with a clarifier and sludge decanter as an integral part of each chamber, ultraviolet disinfection facilities, a 67,859 gallon aerobic sludge digester, two(2) vacuum sludge drying beds with a total area of 610 square feet and all requisite appurtenances.

To replace approximately 1,875 linear feet of existing wastewater collection lines and to perform various wastewater collection system rehabilitation activities.

Facilities are designed to serve a population equivalent of approximately 3,500 persons in the Center Public Service District and discharge treated wastewater to the Guyandotte River (river milepoint 141.5).

This permit is subject to the following terms and conditions:

Department of Health Certificates of Approval Nos. 1821, 3165 and 7347.

The information submitted on and with Permit Application No. WV0027138 dated the 11th day of March 1989, the information submitted with Permit Modification Application No. WV0027138-A dated the 29th day of July 1988 and the information submitted with Permit Application No. WV0027138 dated the 21st day of July 1981 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications and Reports:

Date Approved: March 14, 1989

Prepared By: Joyce Engineering, Inc., 1407 East Main Street, Princeton, WV
24740.

Title: Center Public Service District; Contract 1 - Route 97, Wastewater
Treatment Plant; Contract 2 - Sewer Collection System Rehabilitation;
EPA Project No. C-540567.

A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning with plant start-up and lasting through midnight, July 6, 1994 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

| Effluent Characteristic | Discharge Limitations | | Monitoring Requirements | | |
|---------------------------------------|-----------------------|----------------------------------|---------------------------------------|-------------------------------------|-----------------|
| | Avg. Monthly | (Quantity) lbs/day Max. Daily | Other Units (Specify) Avg. Monthly | Max. Daily Measurement Frequency | Sample Type |
| Flow | | | 0.40 MGD | Continuous | Measured |
| Biochemical Oxygen Demand (5-Day) | 100.1 | 200.2 | 30.0 mg/l | 1/Month | 8 hr. composite |
| Total Suspended Solids | 100.1 | 200.2 | 30.0 mg/l | 1/Month | 8 hr. composite |
| Ammonia Nitrogen (NH ₃ -N) | 50.0 | 100.1 | 15.0 mg/l | 1/Month | 8 hr. composite |
| Fecal Coliform | | | counts 200 / 100 ml | 1/Month | Grab |
| | | | counts 400 / 100 ml | | |

The ph shall not be less than 6.0 standard units and not greater than 9.0 standards units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD₅ samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge. This discharge shall not cause violation of Series I, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 20, Article 5A.

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

N/A

1. Duty to Comply

- (a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action, for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
- (b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.

5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Series II, Section 4.6 of the West Virginia Legislative Rules of the State Water Resources Board.

7. Transfers

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

8. Duty to Provide Information

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to

- a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit.
- b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 20-5A-8 of the Code of West Virginia.

12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.

13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Series III, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

14. Liabilities

- a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
- b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- d) Nothing in C. 14. a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 20, Article 5A.

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by State Health Department Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions

- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3 c) and D.3 d) of this permit.

- c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2. b) of this permit.

d) Prohibition of bypass

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
 - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
 - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance, and
 - (C) The permittee submitted notices as required under D.3. c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3. d) (1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4. c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

- (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
- (2) The permitted facility was at the time being properly operated;
- (3) The permittee submitted notice of the upset as required in F.2. b) of this permit.
- (4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5) Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

- a) Permittee shall submit each month, ~~XXXXXX~~ according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).
- b) The required DMR's should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief
Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311
Attention: Municipal

- c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).
- e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g. "3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with 40 CFR Part 136, as in effect July 1, 1985 unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information.

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated.

Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "1-s" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

F. OTHER REPORTING

Page 7 of 9
Permit No. WV0027138

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to Series III, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Series III, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Division's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause, the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
 - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
 - (2) Any upset which exceeds any effluent limitation in the permit; and
 - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous waste.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Series III, Section 2 of the Board's rules.

3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
 - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series II of the Board's rules; or
 - (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
 - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
 - (A) One hundred micrograms per liter (100 ug/l);
 - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2, 4-dinitro phenol; and one milligram per liter (1 mg/l) for antimony;
 - (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 or 4.4.b.9 of Series II of the Board's rules;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules;
 - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
 - (A) Five hundred micrograms per liter (500 ug/l);
 - (B) One milligram per liter (1 mg/l) for antimony;
 - (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Series II of the Board's rules;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules.
 - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
 - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2. a).

G. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected on hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class II certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.
4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
5. The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 45.0 mg/l for BOD₅ and TSS and 22.5 mg/l for NH₃-N.
6. The arithmetic means of the effluent values of the BOD₅ and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of respective arithmetic means of the influent values for these parameter during the same time period except as specifically authorized by the permitting authority.
7. By facility registration form submitted for landfill, dated the 7th day of March 1988, and subsequent Division approval, dated the 15th day of March 1988, the permittee has fulfilled the requirements of Section D.5 of this permit with respect to the sludge generated by the wastewater treatment facilities permitted herein. Furthermore, the permittee agrees to abide by the terms and conditions of the Sludge Management Program.
8. The permittee is hereby authorized to accept the non-domestic discharge being generated by Chevron USA, Inc. resultant to the pumping and treatment of contaminated groundwater. This authorization is subject to and contingent upon adherence to the following:
 - a. The maximum daily quantity of the discharge accepted shall not exceed 5,000 gallons. The volume discharged shall be measured and recorded daily.
 - b. The contaminated groundwater shall be pretreated in accordance with information provided in Modification Application No. WV0027138-A, dated the 29th day of July 1988.
 - c. The following daily maximum limitations and monitoring requirements shall apply to the pretreated discharge:

| <u>Parameter</u> | <u>Limitation(mg/l)</u> | <u>Monitoring Frequency</u> | <u>Sample Type</u> |
|------------------|-------------------------|-----------------------------|--------------------|
| Benzene | 0.05 | 1/Month | Grab |
| Toluene | 0.05 | 1/Month | Grab |
| Xylenes | 0.05 | 1/Month | Grab |
| Ethylbenzene | 0.05 | 1/Month | Grab |

- c.
 - d. Sampling and analysis required herein shall be performed in accordance with 40 CFR 136.

- e. The monthly monitoring reports shall be submitted as an attachment to the PSD's discharge monitoring reports and shall contain the results of all analyses performed during the month, the actual volume of wastewater discharged on the day of sampling and the average and maximum daily volumes discharged during the month.
- f. The Division reserves the right to disallow the continued acceptance of the subject discharge should interference with treatment plant operations or degradation of the receiving stream result.

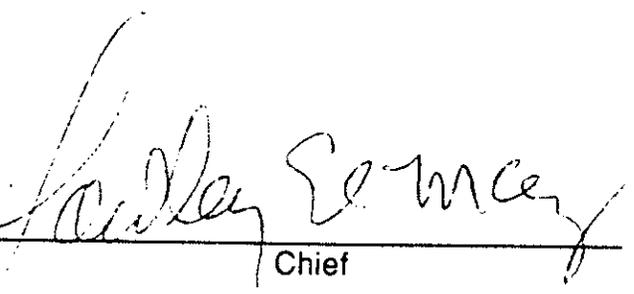
The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0027138, dated the 11th day of March, 19 89

_____ ; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0027138, dated the 11th day of March, 19 89

_____, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By 
Chief

LEM:JDM:m11

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FACILITY NAME Center Public Service District COMMERCIAL LABORATORY NAME
 LOCATION OF FACILITY Pineville, Wyoming County COMMERCIAL LABORATORY ADDRESS
 PERMIT NUMBER WV0027138 OUTLET NO. 001

WASTELOAD FOR MONTH OF 19 INDIVIDUAL PERFORMING ANALYSES

| Parameter | Minimum | Quantity | | | Units | N.E. | Other Units | | | Measurement Frequency | Sample Type |
|---|-------------------|--------------|------------|-------|---------|------|-------------|--------------|------------|-----------------------|--------------------------|
| | | Avg. Monthly | Max. Daily | Units | | | Minimum | Avg. Monthly | Max. Daily | | |
| Flow, in Conduit or thru trmt. plant 50050 | Reported | **** | **** | **** | **** | | | | | | |
| | Permit Limitation | **** | **** | **** | **** | | N/A | 0.40 | N/A | MGD | Continuous Measured |
| BOD, 5-Day (20 Deg. C) 00310 | Reported | | | | | | | | | | |
| | Permit Limitation | N/A | 100.1 | 200.2 | lbs/day | | N/A | 30.0 | 60.0 | mg/l | 1/Month 8 hour composite |
| Solids, Total Suspended 00530 | Reported | | | | | | | | | | |
| | Permit Limitation | N/A | 100.1 | 200.2 | lbs/day | | N/A | 30.0 | 60.0 | mg/l | 1/Month 8 hour composite |
| Ammonia Nitrogen (NH ₃ -N)00610 | Reported | | | | | | | | | | |
| | Permit Limitation | N/A | 50.0 | 100.1 | lbs/day | | N/A | 15.0 | 30.0 | mg/l | 1/Month 8 hour composite |
| Coliform, Fecal General 74055 | Reported | MF | - - | MPN | | | | | | | |
| | Permit Limitation | Circle | Method | Used | | | N/A | 200 | 400 | counts/100 ml | 1/Month Grab |
| pH 00400 | Reported | **** | **** | **** | **** | | | | | | |
| | Permit Limitation | **** | **** | **** | **** | | 6.0 | N/A | 9.0 | Std. Units | 1/Month Grab |
| Name of Principal Exec. Officer Title of Officer Signature of Principal Exec. Officer or Authorized Agent | | | | | | | | | | | Date Completed |

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

RIGHT OF APPEAL

Notice is hereby given of your right to appeal from such ORDER to the State Water Resources Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 15, Article 5A, Chapter 20 of the Code of West Virginia within thirty (30) days after the date of receipt of the above copy of such ORDER.

EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF WATER RESOURCES

REQUIREMENTS:

West Virginia Administrative Regulations Series III, Section 2, State Water Resources Board, effective January 6, 1986.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Division of Water Resources' Emergency Notification Numbers 1-800-642-3074 for instate calls or 1-304-348-8899 for out of state calls. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Division of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- 1) Potential toxicity in water to man, animals and aquatic life;
- 2) Details on analytical procedures for the quantitative estimation of such substances in water; and
- 3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has entered into a stream.

Failure to furnish such information as required by Section 9, Article 5A, Chapter 20, Code of West Virginia shall be punishable under Section 19, Article 5A, Chapter 20, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State Waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove, and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or person responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person should make the report.

WHO TO CONTACT:

Notify Division headquarters in Charleston, West Virginia at the following numbers: 1-800-642-3074 (in-state) or 1-304-348-8899 (out-of-state).

INFORMATION NEEDED:

- | | |
|---|--------------------------------------|
| -Source of spill or discharge | -Personnel at the scene |
| -Location of incident | -Actions initiated |
| -Time of incident | -Shipper/Manufacturer identification |
| -Material spilled or discharged | -Railcar/Truck identification number |
| -Amount spilled or discharged | -Container type |
| -Toxicity of material spilled or discharged | |

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the State Water Resources Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 15, Article 5A, Chapter 20 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.





STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
(304) 348-3612

July 17, 1989

Vincent A. Collins, Esq.
Steptoe & Johnson
P.O. Box 2190
Clarksburg, WV 26302-2190

This letter is in response to your request for the Center Public Service District to issue approximately \$1,668,490 in revenue bonds to the Water Development Authority (WDA) on a junior and subordinate basis.

In view of the restrictive covenants related to high coverage (135 percent on the 1965 issue) on the existing debts and the amount to be borrowed in relation to the debt currently outstanding (\$287,000 on the 1960 and 1965 issues), the WDA agrees to purchase the 1989 A Series and 1989 B Series bonds totaling approximately \$1,668,490 as second and third lien bonds.

It must be understood that the Center PSD is required to meet all other WDA bond program requirements precedent to bond closing.

If you have any questions concerning this approval, please call me.

A handwritten signature in cursive script that reads "Daniel B. Yonkosky".

DANIEL B. YONKOSKY - DIRECTOR

db

c Center PSD



FLOW OF FUNDS SCHEMATIC DIAGRAM SYSTEM REVENUES

