

**CHESTNUT RIDGE PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)**

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**CHESTNUT RIDGE PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 1995**  
**(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

**BOND RESOLUTION**

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CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CHESTNUT RIDGE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CHESTNUT RIDGE 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. Chestnut Ridge Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Barbour County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of new waterlines, a pump station, a pressure reducing station and a master meter and vault to serve the Berryburg, Moatsville and White Oak areas of the Issuer, together with all appurtenant facilities

(collectively, the "Project"), (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of \$870,000, 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 costs of operation and maintenance of the System and the principal of and interest on the Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$200,000 (the "Series 1995 Bonds"), initially to be represented by a single bond to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1995 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1995 Bonds 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 Series 1995 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1995 Bonds as to liens, pledge and source of and security for payment, as follows:

(a) Water Revenue Bond, Series 1988, dated September 9, 1988, issued in the original principal amount of \$190,000 (the "Series 1988 Bond");

(b) Water Revenue Bond, Series 1976, dated July 12, 1977, issued in the original principal amount of \$165,000 (the "Series 1976 Bond"); and

(c) Water Revenue Bond, Series 1972, dated May 16, 1972, issued in the original principal amount of \$54,400 (the "Series 1972 Bond").

The Series 1988 Bond, Series 1976 Bond and Series 1972 Bond are all currently held by Rural Economic and Community Development (formerly Farmer's Home Administration) and are hereinafter collectively called the "Prior Bonds."

The Series 1995 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the consent of the owner of the Prior Bonds to the issuance of the Series 1995 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1995 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure Council, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04.      Definitions. 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 and Registered Owner of the Series 1995 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 selected 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," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

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

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

"Bond Year" means 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, collectively, the Series 1995 Bonds and where appropriate, the Prior Bonds, and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 1995 Bonds for the proceeds representing the purchase price of the Series 1995 Bonds from the Authority.

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

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

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, 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 or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

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

"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.

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"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.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained

by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Issuer" means Chestnut Ridge Public Service District, a public service district and a public corporation in Barbour County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form 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 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 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 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles;

provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, 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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1995 Bonds in the Supplemental Resolution.

"Prior Bonds" shall have the meaning set forth in Section 1.02G hereof.

"Prior Bonds Reserve Accounts" means, collectively, the reserve funds established in connection with the Prior Bonds and continued hereby.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted June 16, 1988, authorizing the Series 1988 Bond; the resolution of the Issuer adopted February 15, 1977, authorizing the Series 1976 Bond; and the resolution of the Issuer adopted May 16, 1972, authorizing the Series 1972 Bond.

"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 improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of new waterlines, a pump station, a pressure reducing station and a master meter and vault, to serve the Berryburg, Moatsville and White Oak areas of the Issuer, together with all appurtenant facilities.

"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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the "Depreciation Fund" established by the Prior Resolutions and continued hereby, redesignated the Renewal and Replacement Fund in Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Prior Bonds Reserve Accounts and the Series 1995 Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Series 1995 Bonds Reserve Account and the Prior Bonds Reserve Accounts.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and continued hereby.

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

"Series 1988 Bond" means the Water Revenue Bond, Series 1988, of the Issuer as described in Section 1.02G hereof.

"Series 1976 Bond" means the Water Revenue Bond, Series 1976, of the Issuer as described in Section 1.02G hereof.

"Series 1972 Bond" means the Water Revenue Bond, Series 1972, of the Issuer as described in Section 1.02G hereof.

"Series 1995 Bonds" means the not more than \$200,000 in aggregate principal amount of Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in the then current or any succeeding year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1995 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1995

Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION  
OF THE PROJECT

Section 2.01.      Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$870,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1995 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$870,000, of which approximately \$685,000 will be obtained from a grant by the United States of America, Department of Housing and Urban Development ("HUD" - Small Cities Block Grant), and approximately \$185,000 will be obtained from proceeds of the Series 1995 Bonds.

### 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 1995 Bonds, funding a reserve account for the Series 1995 Bonds, paying borrowings by the Issuer from the Authority or for the purpose of temporarily financing the Costs of the Project, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1995 Bonds of the Issuer. The Series 1995 Bonds shall be issued as a single bond, designated as Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), in the principal amount of not more than \$200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds), capitalizing interest on the Series 1995 Bonds, if any, and paying borrowings by the Issuer from the Authority or for the purpose of temporarily financing the Costs of the Project, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. The Series 1995 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 Series 1995 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1995 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 Series 1995 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1995 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or 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 Series 1995 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 the Series 1995 Bonds shall cease to be such officer of the Issuer before the Series 1995 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1995 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 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1995 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 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 the Series 1995 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 the Series 1995 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, 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 next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account. No holder or holders of the Series 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 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 1995 Bonds shall

be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 1995 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09.      Delivery of Bonds. The Issuer shall execute and deliver the Series 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1995 Bonds.

Section 3.10.      Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1995 BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CHESTNUT RIDGE PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 1995  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

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

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

KNOW ALL MEN BY THESE PRESENTS: That CHESTNUT RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Barbour 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, 199\_\_\_. 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 \_\_\_\_\_, 199\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks 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 public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 199\_\_\_\_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER:

(a) Water Revenue Bond, Series 1988, dated September 9, 1988, issued in the original principal amount of \$190,000 (the "Series 1988 Bond");

(b) Water Revenue Bond, Series 1976, dated July 12, 1977, issued in the original principal amount of \$165,000 (the "Series 1976 Bond"); and

(c) Water Revenue Bond, Series 1972, dated May 16, 1972, issued in the original principal amount of \$54,400 (the "Series 1972 Bond").

THE SERIES 1988 BOND, THE SERIES 1976 C BOND AND THE SERIES 1972 BOND ARE HEREINAFTER COLLECTIVELY CALLED 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, on parity with the pledge of Net Revenues in favor of the holders of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 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 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 1995 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 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 any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

The Issuer hereby certifies that none of the proceeds of this Bond will be used for a purpose that will contribute to excessive erosion of highly erodable land or to the conversion of wetlands to produce an agricultural commodity.

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 Net 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, CHESTNUT RIDGE 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 \_\_\_\_\_, 199\_\_.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: \_\_\_\_\_, 199 \_\_\_\_.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION,  
as Registrar

\_\_\_\_\_  
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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 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, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

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

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

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Operation and Maintenance Fund (established by the Prior Resolutions);
- (3) Prior Bonds Reserve Accounts (established by the Prior Resolutions);
- (4) Renewal and Replacement Fund (established by the Prior Resolutions as the "Depreciation Fund");
- (5) Bond Construction Trust Fund; and
- (6) 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 Resolutions) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1995 Bonds Sinking Fund;
- (2) Within the Series 1995 Bonds Sinking Fund, the Series 1995 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, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to holder of the Prior Bonds the amounts required by the Prior Resolutions to be remitted for payment of the principal of and interest on the Prior Bonds, (ii) commencing 7 months prior to the first date of payment of interest on the Series 1995 Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 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 1995 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 (iii) commencing 13 months prior to the first date of payment of principal of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Depository Bank the amount, if any, required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Accounts, and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 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 1995 Bonds Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolutions and not in addition thereto), 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 any Reserve Account except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 Bonds as the same shall come due, when other moneys in the Series 1995 Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account 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 payment due on the Series 1995 Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Prior Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1995 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum

amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or the Series 1995 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1995 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1995 Bonds and the Prior Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 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. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1995 Bonds 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.

C. 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 such funds 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.

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

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; 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.

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01.      Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Series 1995 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1995 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, and any borrowings by the Issuer from the Authority, 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 Series 1995 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. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 Bonds.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1995 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, and all Costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1995 Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 1995 Bonds be deposited in the Series 1995 Bonds Reserve Account, and when such Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 1995 Bonds and thereafter to the next ensuing principal payment due thereon.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01.      General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1995 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 the Series 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02.      Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 Bonds or the interest thereon.

Section 7.03.      Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1995 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they 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 Final Order of the Public Service Commission of West Virginia entered September 21, 1995, and determined Final on September 27, 1995, in Case No. 94-1176-PWD-CN, and such rates are hereby adopted.

Section 7.05.      Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions and herein. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net

proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1995 Bonds, immediately be remitted to the Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1995 Bonds. Any balance remaining after the payment of the Series 1995 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1995 Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1995 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1995 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1995 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1995 Bonds issued pursuant hereto, or both such purposes.

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

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

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

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

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1995 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 1995 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.

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity 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 the Parity Bonds.

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

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

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

reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Authority, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 Bonds, requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, 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 the Series 1995 Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 1995 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

Section 7.09.      Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1995 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 Series 1995 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1995 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 Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1995 Bonds, including the Prior 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; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, 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 Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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 and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

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

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority 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 Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System so long as any of the Series 1995 Bonds are Outstanding.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then

said excess over said 5% of Net Proceeds of the Series 1995 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 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 the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1995 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

Section 8.02.      Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 Bonds which would cause the Series 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 Bonds) so that the interest on the Series 1995 Bonds will be and remain excluded from gross income for

Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03.      Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1995 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1995 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer

fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01.      Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1995 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 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 Series 1995 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 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; or

(4) If default occurs with respect to the Prior Bonds or the resolutions authorizing the Prior Bonds.

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such 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 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 1995 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03.      Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and

the application thereof. If there be any Event of Default with respect to such Bonds, any 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 exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System 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 completion of the Project and 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 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 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 1995 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 1995 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 1995 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1995 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1995 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1995 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1995 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, 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 Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds 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 Public 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 Chestnut Ridge Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 1995 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1995 Bonds 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 public 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 3rd day of October, 1995.

Jack H. Miller  
Chairman

Willie Nester  
Member

\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CHESTNUT RIDGE PUBLIC SERVICE DISTRICT on the 3rd day of October, 1995.

Dated: October 10, 1995.

[SEAL]



Secretary, Public Service Board

10/09/95  
CHRJ.A4  
145820/94001

EXHIBIT A

Loan Agreement included in transcript as Document 3.



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF CHESTNUT RIDGE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Chestnut Ridge Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective October 3, 1995 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CHESTNUT RIDGE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE

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

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 1995 Bonds"), in an aggregate principal amount not to exceed \$200,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price 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 amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 CHESTNUT RIDGE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer,

originally represented by a single Bond, numbered R-1, in the principal amount of \$185,000. The Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, and shall bear interest at the rate of 6 3/4% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1996, and ending October 1, 2033, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds 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 Bonds.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Acting Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. 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 (the "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 the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Acting Chairman, 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 Bank One, West Virginia, Philippi, N.A., Philippi, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1995 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1995 Bonds Sinking Fund as capitalized interest.

Section 8. Series 1995 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1995 Bonds Reserve Account.

Section 9. Series 1995 Bonds proceeds in the amount of \$-0- shall be paid to the Authority to pay in full the principal of and interest accrued on all borrowings by the Issuer from the Authority to finance the planning and design of water facilities for the System.

Section 10. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Acting Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about October 10, 1995.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

Adopted this 10th day of October, 1995.

CHESTNUT RIDGE PUBLIC SERVICE  
DISTRICT

Jack H. Miller  
Acting Chairman

Willie Nestor  
Member

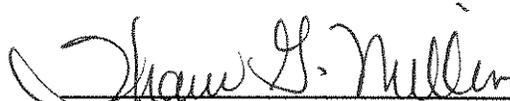
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of CHESTNUT RIDGE PUBLIC SERVICE DISTRICT on the 10th day of October, 1995.

Dated: October 10, 1995.

[SEAL]

  
Secretary, Public Service Board

10/09/95  
CHRJ.B3  
145820/94001

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").

CHESTNUT RIDGE PSD  
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE V

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

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Chestnut Ridge PSD  
[Proper Name of Governmental Agency]

(SEAL)

By: Jack St. Miller

Its: Acting Chairman

Date: October 10, 1995

Attest:

Shawn G. Miller

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: Daniel B. Yeakob  
Director

Date: October 10, 1995

Attest:

Barbara B. Meadows  
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

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

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

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

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

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

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

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

Fiscal Year - \_\_\_\_

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

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

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

[Name of Governmental Agency]

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

ABB0017F

WDA-5X  
(May 1993)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 185,000

Purchase Price of Local Bonds \$ 185,000

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations: Water Revenue Bonds: Series 1988, dated 9/9/88, issued in the original principal amount of \$190,000; Series 1976, dated 7/12/77, issued in the original principal amount of \$165,000; and Series 1972, dated 5/16/72, issued in the original principal amount of \$54,400.

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

## WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

## BOND DEBT SERVICE

West Virginia Water Development Authority  
CHESTNUT RIDGE PSD

Dated Date 10/10/1995

Delivery Date 10/10/1995

Period Ending	\$185,000				Annual Debt Service
	Principal	Coupon	Interest	Debt Service	
Oct 10, 1995	-	-	-	-	-
Oct 1, 1996	1,112.00	6.750%	12,175.31	13,287.31	13,287.31
Apr 1, 1997	-	-	6,206.22	6,206.22	-
Oct 1, 1997	1,216.00	6.750%	6,206.22	7,422.22	13,628.44
Apr 1, 1998	-	-	6,165.18	6,165.18	-
Oct 1, 1998	1,298.00	6.750%	6,165.18	7,463.18	13,628.36
Apr 1, 1999	-	-	6,121.37	6,121.37	-
Oct 1, 1999	1,385.00	6.750%	6,121.37	7,506.37	13,627.74
Apr 1, 2000	-	-	6,074.63	6,074.63	-
Oct 1, 2000	1,479.00	6.750%	6,074.63	7,553.63	13,628.26
Apr 1, 2001	-	-	6,024.71	6,024.71	-
Oct 1, 2001	1,579.00	6.750%	6,024.71	7,603.71	13,628.42
Apr 1, 2002	-	-	5,971.42	5,971.42	-
Oct 1, 2002	1,685.00	6.750%	5,971.42	7,656.42	13,627.84
Apr 1, 2003	-	-	5,914.55	5,914.55	-
Oct 1, 2003	1,799.00	6.750%	5,914.55	7,713.55	13,628.10
Apr 1, 2004	-	-	5,853.84	5,853.84	-
Oct 1, 2004	1,920.00	6.750%	5,853.84	7,773.84	13,627.68
Apr 1, 2005	-	-	5,789.04	5,789.04	-
Oct 1, 2005	2,050.00	6.750%	5,789.04	7,839.04	13,628.08
Apr 1, 2006	-	-	5,719.85	5,719.85	-
Oct 1, 2006	2,188.00	6.750%	5,719.85	7,907.85	13,627.70
Apr 1, 2007	-	-	5,646.00	5,646.00	-
Oct 1, 2007	2,336.00	6.750%	5,646.00	7,982.00	13,628.00
Apr 1, 2008	-	-	5,567.16	5,567.16	-
Oct 1, 2008	2,494.00	6.750%	5,567.16	8,061.16	13,628.32
Apr 1, 2009	-	-	5,482.99	5,482.99	-
Oct 1, 2009	2,662.00	6.750%	5,482.99	8,144.99	13,627.98
Apr 1, 2010	-	-	5,393.15	5,393.15	-
Oct 1, 2010	2,842.00	6.750%	5,393.15	8,235.15	13,628.30
Apr 1, 2011	-	-	5,297.23	5,297.23	-
Oct 1, 2011	3,034.00	6.750%	5,297.23	8,331.23	13,628.46
Apr 1, 2012	-	-	5,194.83	5,194.83	-
Oct 1, 2012	3,239.00	6.750%	5,194.83	8,433.83	13,628.66
Apr 1, 2013	-	-	5,085.52	5,085.52	-
Oct 1, 2013	3,457.00	6.750%	5,085.52	8,542.52	13,628.04
Apr 1, 2014	-	-	4,968.84	4,968.84	-
Oct 1, 2014	3,690.00	6.750%	4,968.84	8,658.84	13,627.68
Apr 1, 2015	-	-	4,844.31	4,844.31	-
Oct 1, 2015	3,940.00	6.750%	4,844.31	8,784.31	13,628.62
Apr 1, 2016	-	-	4,711.33	4,711.33	-
Oct 1, 2016	4,206.00	6.750%	4,711.33	8,917.33	13,628.66
Apr 1, 2017	-	-	4,569.38	4,569.38	-
Oct 1, 2017	4,489.00	6.750%	4,569.38	9,058.38	13,627.76
Apr 1, 2018	-	-	4,417.88	4,417.88	-
Oct 1, 2018	4,792.00	6.750%	4,417.88	9,209.88	13,627.76
Apr 1, 2019	-	-	4,256.15	4,256.15	-
Oct 1, 2019	5,116.00	6.750%	4,256.15	9,372.15	13,628.30
Apr 1, 2020	-	-	4,083.48	4,083.48	-
Oct 1, 2020	5,461.00	6.750%	4,083.48	9,544.48	13,627.96
Apr 1, 2021	-	-	3,899.17	3,899.17	-
Oct 1, 2021	5,830.00	6.750%	3,899.17	9,729.17	13,628.34
Apr 1, 2022	-	-	3,702.41	3,702.41	-
Oct 1, 2022	6,223.00	6.750%	3,702.41	9,925.41	13,627.82

BOND DEBT SERVICE

West Virginia Water Development Authority  
CHESTNUT RIDGE PSD

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2023	-	-	3,492.38	3,492.38	-
Oct 1, 2023	6,643.00	6.750%	3,492.38	10,135.38	13,627.76
Apr 1, 2024	-	-	3,268.18	3,268.18	-
Oct 1, 2024	7,092.00	6.750%	3,268.18	10,360.18	13,628.36
Apr 1, 2025	-	-	3,028.83	3,028.83	-
Oct 1, 2025	7,571.00	6.750%	3,028.83	10,599.83	13,628.66
Apr 1, 2026	-	-	2,773.31	2,773.31	-
Oct 1, 2026	8,082.00	6.750%	2,773.31	10,855.31	13,628.62
Apr 1, 2027	-	-	2,500.54	2,500.54	-
Oct 1, 2027	8,627.00	6.750%	2,500.54	11,127.54	13,628.08
Apr 1, 2028	-	-	2,209.38	2,209.38	-
Oct 1, 2028	9,209.00	6.750%	2,209.38	11,418.38	13,627.76
Apr 1, 2029	-	-	1,898.57	1,898.57	-
Oct 1, 2029	9,831.00	6.750%	1,898.57	11,729.57	13,628.14
Apr 1, 2030	-	-	1,566.78	1,566.78	-
Oct 1, 2030	10,495.00	6.750%	1,566.78	12,061.78	13,628.56
Apr 1, 2031	-	-	1,212.57	1,212.57	-
Oct 1, 2031	11,203.00	6.750%	1,212.57	12,415.57	13,628.14
Apr 1, 2032	-	-	834.47	834.47	-
Oct 1, 2032	11,959.00	6.750%	834.47	12,793.47	13,627.94
Apr 1, 2033	-	-	430.85	430.85	-
Oct 1, 2033	12,766.00	6.750%	430.85	13,196.85	13,627.70
	185,000.00		332,528.31	517,528.31	517,528.31



304-340-0372 WV PSC LEGAL DIV.

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To: <b>BILL KEATON</b>	From: <b>RON ROBERTSON</b>
Co: <b>DUNN ENGINEERS</b>	Co: <b>PSC</b>
	Phone: <b>340-0336</b>
Fax: <b>342-7823</b>	

95 SEP 27 PM 1:16  
 WV PUBLIC SERVICE COMM.  
 LEGAL DIVISION

**PUBLIC-SERVICE COMMISSION  
 OF WEST VIRGINIA  
 CHARLESTON**

Entered: September 21, 1995

**FINAL**  
 9-27-95  
 By Commission Order

CASE NO. 94-1176-PWD-CN

**CHESTNUT RIDGE PUBLIC SERVICE DISTRICT,**  
 a public utility, Barbour County.

Application for a certificate of convenience and necessity to construct a water line extension project, construct a booster station and pressure reducing station and for approval of rates and charges and financing incidental thereto.

RECOMMENDED DECISION

On July 12, 1995, Chestnut Ridge Public Service District (District) filed an application with the Public Service Commission for a certificate of convenience and necessity to construct 18,080 linear feet of 6-inch PVC water line, 11,665 linear feet of 3-inch PVC water line and 6,300 linear feet of 2-inch PVC water line; one 15 gpm booster station; one pressure reducing station; and appurtenances, at Berryburg, Moatsville and White Oak, in Barbour County, in order to provide water service to approximately 86 customers located on White Oak Drive, Moatsville Road, County Route 76 and Camp Run Road. The District estimated that construction would cost approximately \$870,000, and would be financed by a Housing and Urban Development (HUD) Small Cities Block Grant from the Governor's Office in the amount of \$685,000, and through bonds to be issued to the West Virginia Water Development Authority (WDA) in an amount not to exceed \$185,000, at an interest rate not to exceed 7 1/2%, with a maturity not to exceed 40 years. The District expects that its current rates and charges will not change as a result of the project.

Along with the application, the District submitted information demonstrating that the proposed customers currently do not have public water service and are experiencing a poor quality of drinking water from the wells, springs and cisterns they now use, due to extensive deep and surface mining in the areas where the proposed water system is to be constructed. Additionally, the United States Geological Survey for the area demonstrates that the ground water availability is very erratic and the quality is poor due to excessive iron, sulphur and salt concentrations. The Barbour County Health Sanitarian has also concurred that unsatisfactory water conditions occur frequently throughout the area to be served. Also with the application, the District submitted commitment letters for the proposed funding; a preliminary engineering report; a request for a waiver of Rule 42 of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules),

4A

since its rates are not expected to change as a result of the project; minutes of a public hearing to obtain the views of citizens on housing and community development needs; a notice of no significant impact on the environment and a notice of intent to request release of funds from the Region 7 Planning and Development Council; the District's estimate of additional and incremental operation and maintenance (O&M) costs related to the water line extensions which are the subject of this application, totaling approximately \$7,022.77; a cross listing of the customers anticipated to be served by the various extensions; a letter verifying receipt of the plans and specifications for the proposed extensions by the West Virginia Department of Health and Human Resources; and a letter from the City of Philippi (City or Philippi), the District's water supplier, verifying that the City has the capacity to supply the additional 18,000 gallons of water per day which will be needed to serve the extensions which are the subject of this application.

On July 12, 1995, the Commission issued its Notice of Filing Order directing the District to provide notice of the filing of its application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Barbour County, making due return to the Commission of proper certification of publication immediately thereafter. The Order provided that anyone desiring to make written objection to the application could do so, within 30 days after the publication of the notice. Finally, the notice provided that, if no protests were received within the 30-day period, the Commission could waive formal hearing and grant the District's application based on the information submitted with the application.

On August 22, 1995, the District submitted an Affidavit of Publication from The Barbour Democrat, a weekly newspaper published and generally circulated in the City of Philippi, Barbour County, verifying that the required notice was published in that newspaper on July 19, 1995. The 30-day protest period expired on August 18, 1995, with no protests having been filed within the 30-day protest period or as of the date of this Order.

On August 25, 1995, Staff Attorney Ronald E. Robertson filed the Final Joint Staff Memorandum in this proceeding, attached to which was the Final Internal Staff Memorandum prepared by Utility Financial Analyst William A. Nelson and Utility Engineer Robert L. Skiles, Jr., P.E., both of the Commission's Public Service District Division. According to Commission Staff, the District has already let the project out for bids, and a low bid of \$519,000 was received, which is \$189,000 below the previously estimated construction cost. The revised total project cost is \$681,000. This total project cost translates to an investment of \$7,919 per customer, given the 86 customers. This is regarded as a moderately high per customer investment and is approximately 2.2 times the \$3,617 per customer figure for existing customers. There is a customer density of 11.89 customers per mile of main, based on the 86 customers and 7.23 miles of water main to be constructed. This is regarded as a very low density figure and indicates a sparse population in the area to be served. Commission Staff noted the need for the project and verified that the project is to provide public water service where none is currently available. Commission Staff verified that the City of Philippi can supply

the water necessary to serve the extension areas. Commission Staff recommended an annual operation and maintenance expense level of \$7,806 as being representative of what the District's actual O & M expense increase will be.

Commission Staff also noted that the West Virginia Office of Environmental Health Services has now issued Permit No. 12,449 for the project and Commission Staff accepts that permit as evidence that the project has been designed in compliance with that agency's standards. However, Commission Staff noted that the construction quantities described in this application do not match those described in the Environmental Health Services Permit and recommended that the District apply for an amended permit. Further Commission Staff indicated that it has reviewed the plans and specifications for the project and has determined that there are a few conflicts with the Commission's Rules and Regulations for the Government of Water Utilities (Water Rules). Those conflicts are described in RLS-Attachment I, attached to the Final Joint Staff Memorandum, and Commission Staff recommends that these conflicts be corrected. Commission Staff indicated that the project is located within the District's currently existing boundaries and no boundary expansion will be necessary. Commission Staff indicated that the District apparently is in violation of West Virginia Code §16-13A-25, regarding approval of agreements for the procurement of architectural or engineering services, since there is no approved engineering agreement for the project which is the subject of this proceeding. An engineering agreement for this project has now been filed and is pending before the Commission in Case No. 95-0765-PWD-PC. According to the Final Joint Staff Memorandum, Technical Staff intends to address the Code violation in that proceeding and does not believe that it should have a bearing upon the instant certificate application.

Commission Staff verified that the District has obtained written confirmation for both the grant and loan funding. Commission Staff also recommended granting the requested waiver of Tariff Rule 42, since there is no impact on rates as a result of the project. Commission Staff noted that the District's proposed projected increase in annual operation and maintenance expenses does not include the projected annual purchased water cost for purchases from the City of Philippi. According to Commission Staff, total annual expenses attributable to this project, including debt service, debt and renewal replacement reserves, purchased water and operation and maintenance expenses, will be approximately \$23,469. Using the District's existing rates and charges, it is projected that the new customers to be served by these projects will generate annual operating revenues of approximately \$22,229, leaving an annual cost overrun of approximately \$1,240. However, Commission Staff believes that the District's per books cash flow is sufficient to absorb this overrun. According to Commission Staff, at pro forma, the District will have a surplus of approximately \$8,205 and a debt service coverage ratio of 133.25%, which is well in excess of WDA's requirement of 115%. Commission Staff noted that the project funding package will remain the same, despite the low construction bid. The \$189,000 difference in construction funding will be used for construction change orders generated by unforeseen circumstances and upsizing some of the project's mains to provide fire

service. Any monies left over will be used for meter replacement in the existing system.

In summary, Commission Staff has determined that the project is technically feasible, and believes that the existing conflicts with the Commission's Water Rules can be resolved within the project's existing budget. The project is economically feasible, since the bids came in under estimates and the District has obtained commitments for both the grant and loan funding. Further, the District's rates and charges are adequate to cover the increased debt service, operation and maintenance expenses and purchased water costs for the project. Therefore, Commission Staff recommended approval of the application for a certificate of convenience and necessity, on the condition that the District correct the deficiencies noted in RLS-Attachment I and that the District be required to file the revised project's scope for the Commission's review and approval, with respect to the changes in project scope which will be associated with the \$189,000 construction bid underrun. Finally, Commission Staff requested that the Commission acknowledge the District's failure to obtain prior Commission approval of the engineering agreement and indicate that filing the agreement post facto does not mean that the Commission condones the District's failure to previously obtain approval of the engineering agreement.

RLS-Attachment I sets forth four project plan deficiencies, which conflict with Commission's Water Rules, one each on Drawing No. 1 and Drawing No. 5 and two on Drawing No. 3. Also attached to the Final Joint Staff Memorandum was a copy of the District's existing tariff and a copy of the Staff-calculated cash flow analysis for the District at per books and at pro forma.

On August 28, 1995, the Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before February 1, 1996.

By letter dated August 28, 1995, the Commission's Executive Secretary served a copy of the Final Joint Staff Memorandum and the Referral Order upon the District. While the letter serving the Memorandum and Order did not provide a response period, the District has been served with the Staff-requested revisions to the project.

On September 13, 1995, the Administrative Law Judge issued a Procedural Order directing the District to file revised plans and specifications with the Public Service Commission, within ten (10) days of the date of said Order, which revised plans and specifications conformed to the revisions required by Commission Staff and delineated on RLS-Attachment I, attached to the Final Joint Staff Memorandum filed on August 25, 1995. The Order noted that, if the District failed to file its revised plans and specifications, this case would have to proceed to hearing.

On September 18, 1995, the District filed its revised plans and specifications with the Public Service Commission. The District also indicated that bids for the project were currently scheduled to expire on September 29, 1995.

On September 20, 1995, Staff Attorney Ronald E. Robertson, Jr., filed the Further Final Joint Staff Memorandum in this proceeding, attached to which is the Further Final Internal Staff Memorandum prepared by Utility Engineer Skiles. According to Commission Staff, the revised plans filed by the District's engineering consultant conformed to the revisions required by Commission Staff and, therefore, Commission Staff is now recommending approval of the application for a certificate of convenience and necessity.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the application filed by Chestnut Ridge Public Service District on July 12, 1995, for a certificate of convenience and necessity to construct a water line extension project, a booster station and pressure reducing station, and for approval of rates and charges and financing incidental thereto, is reasonable and should be granted, as amended by the revised plans and specifications filed on September 18, 1995, and in consideration of the Final Joint Staff Memorandum filed herein on August 25, 1995.

#### FINDINGS OF FACT

1. Chestnut Ridge Public Service District has requested that the Commission issue a certificate of convenience and necessity allowing it to construct over 36,000 linear feet of PVC water line of varying sizes, a booster station, a pressure reducing station and appurtenances in the Berryburg, Moatsville and White Oak areas of Barbour County, to provide water service to approximately 86 customers located on White Oak Drive, Moatsville Road, County Route 76 and Camp Run Road. (Application filed July 12, 1995).

2. The proposed customers currently do not have public water service and are experiencing a poor quality of drinking water from the wells, springs and cisterns now in use, due to extensive deep and surface mining in the areas where the proposed water system is to be constructed. Further, ground water availability in that area is erratic and the water quality is poor due to excessive iron, sulphur and salt concentrations. (Application filed July 12, 1995, Attachments C and D).

3. The proposed project is estimated to cost approximately \$681,000, based upon the low construction bid of \$519,000, and the project is to be financed through a Small Cities Block Grant in the amount of \$685,000, and a Water Development Authority Loan of \$185,000, over a forty year term, accruing interest at the rate of 6.875%. Letters of commitment for both forms of funding have been received by the District. The approximately \$189,000 difference in the financing available to the District over the lower project cost will be used for construction change orders generated by unforeseen circumstances and upsizing some of the project's mains to provide fire service. Any funds left over will be used for meter replacement in the existing system. (Application filed July 12, 1995, Attachment C; Final Joint Staff Memorandum and Attachment filed August 25, 1995).

4. The West Virginia Office of Environmental Health Services has issued Permit No. 12,449 for the project, and Commission Staff accepts that permit as evidence that the project has been designed in compliance with that agency's standards. Commission Staff reviewed the District's plans and specifications for the project and required some modifications due to a few conflicts with the Commission's Water Rules. The District made the necessary revisions to its plans and specifications and Commission Staff recommended approval of those revisions. (Final Joint Staff Memorandum and Attachment filed August 25, 1995; Further Final Joint Staff Memorandum filed September 20, 1995).

5. The District is not requesting a revision in its existing rates and charges as a result of the project. Rather, the District intends to use its existing rates for the new customers to be served. The extension project should generate approximately \$23,469 in additional annual expenses for the District, while the customers to be served will generate annual operating revenues of approximately \$22,229, with an annual cost overrun of approximately \$12,040. However, due to the District's per books cash flow, the District should have sufficient revenues from its cash surplus to fund the annual operating expense deficit generated by the customers served by the project and will still have a cash surplus of approximately \$8,205, with debt service coverage of 133.25%. (Final Joint Staff Memorandum and Attachment filed August 25, 1995).

6. The District gave notice to the public of the filing of its application in accordance with the Commission's publication requirements and no written protest have been filed with the Public Service Commission either within the thirty day protest period or as of the date of this Order. (Affidavit of Publication filed August 22, 1995; case file generally).

7. Commission Staff has fully reviewed the application and supporting information, as well as the revisions to the plans and specifications to eliminate any conflict with the Commission's Water Rules, and has recommended that the District's application be granted. (Final Joint Staff Memorandum and Attachment filed August 25, 1995; Further Final Joint Staff Memorandum and Attachment filed September 20, 1995).

#### CONCLUSIONS OF LAW

1. Due to the poor quality of ground water in the area to be served and the lack of public water service currently available to the proposed customers, there is a need for the proposed project in the area to be served.

2. Chestnut Ridge Public Service District's proposed water extension project is technically feasible, since the West Virginia Office of Environmental Health Services has issued a permit for the project and since the District has revised the plans and specifications to eliminate any obvious conflicts with the Commission's Water Rules.

3. The Chestnut Ridge Public Service District's proposed water extension project is economically feasible, since the project is fully financed with committed grant and loan funding, and since the District's existing rates and charges are sufficient to cover all additional operating expenses generated by the extension, while still maintaining an adequate cash surplus and debt service coverage.

4. It is reasonable to grant the application filed on July 12, 1995, by Chestnut Ridge Public Service District for a certificate of convenience and necessity to construct a water line extension project to serve the areas of Berryburg, Moatsville and White Oak, in Barbour County, since the public convenience and necessity require the project, the project is economically and technically feasible, and Commission Staff has reviewed the project and recommended approval thereof.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed by Chestnut Ridge Public Service District on July 12, 1995, for a certificate of convenience and necessity to construct over 36,000 linear feet of PVC water line, a booster station, a pressure reducing station, and other appurtenances, at Berryburg, Moatsville and White Oak, in Barbour County, as amended by the revised plans and specifications filed on September 18, 1995, be, and it hereby is, granted.

IT IS FURTHER ORDERED that Chestnut Ridge Public Service District be, and hereby is, authorized to use its existing rates and charges for the project to be served, with such rates and charges to become effective for the new customers as soon as the project becomes operational.

IT IS FURTHER ORDERED that the proposed financing for the project, consisting of a Small Cities Block Grant in the amount of \$685,000 and a Water Development Authority Loan in the amount of \$185,000, at an interest rate of 6.875% for a term of forty years, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, if there is any change in the project's scope, cost or financing, including the changes in project scope associated with the \$189,000 construction bid underrun, as discussed in the Final Joint Staff Memorandum and Attachment filed on August 25, 1995, Chestnut Ridge Public Service District must file those revisions with the Public Service Commission for review and approval prior to commencing such construction.

IT IS FURTHER ORDERED that the District's failure to obtain the Commission's prior approval of the Engineering Agreement associated with this project, as required by West Virginia Code §16-13A-25, be addressed in Case No. 95-0765-PWD-PC. The issuance of this certificate of convenience and necessity does not indicate that the Public Service Commission or its Staff condones the District's failure to previously obtain approval of the necessary Engineering Agreement.

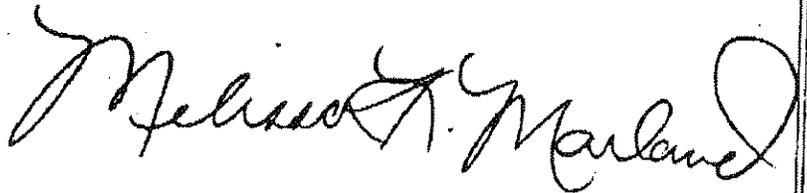
IT IS FURTHER ORDERED that this proceeding be, and it hereby is, removed from the Commission's docket of open cases.

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

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

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

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



Melissa K. Marland  
Chief Administrative Law Judge

MKM:jas

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WV PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 22nd day of September, 1995.

CASE NO. 94-1176-PWD-CN

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT,  
a public utility, Barbour County.

Application for a certificate of convenience and necessity to construct a water line extension project, construct a booster station and pressure reducing station and for approval of rates and charges and financing incidental thereto.

COMMISSION ORDER

On July 12, 1995, Chestnut Ridge Public Service District, a public utility (District), Barbour County, filed an application, duly verified, for a certificate of convenience and necessity to construct 18,080 linear feet of 6-inch PVC water line, 12,665 linear feet of 3-inch PVC water line and 6,300 linear feet of 2-inch PVC water line; one 15 gpm booster station; one pressure reducing station; and appurtenances, at Berryburg, Moatsville and White Oak, Barbour County, in order to provide water service to approximately 86 customers located on White Oak Drive, Moatsville Road, County Route 76 and Camp Run Road.

On August 28, 1995, the Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before February 1, 1996.

By recommended decision entered September 21, 1995, Chief Administrative Law Judge Melissa K. Marland approved the application in question. The recommended decision also approved certain rates and charges for the project to be served, with such rates and charges to become effective for the new customers as soon as the project becomes operational. The recommended decision also approved financing for the project in question. Finally, the recommended decision provided that if there is any change in the project's scope, cost or financing, including the changes in project scope associated with a \$189,000 construction bid underrun, the District must file those revisions with the Commission for review and approval prior to commencing such construction.

On September 22, 1995, the Commission received a written communication from Dunn Engineers, Inc., speaking for the District, requesting a waiver of the 15-day period for filing exceptions to the aforesaid recommended decision. Also, on September 22, 1995, the Commission received a written communication from Ronald E. Robertson, Jr., Esq., counsel for Commission Staff, indicating that Commission Staff is waiving its right to file exceptions to the aforesaid recommended decision.

West Virginia Code Section 24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to Section

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WV PUBLIC SERVICE COMMISSION

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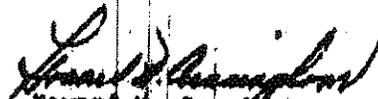
24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, Section 24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said petitions of waiver received by the Commission on September 22, 1995, should be granted.

IT IS, THEREFORE, ORDERED that the requested waivers be, and the same hereby are, approved.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in Case No. 94-1176-PWD-CN, be, and it shall become final five (5) days after the date of this order.

A True Copy, Teste:

  
Howard M. Cunningham  
Executive Secretary

HMC/s

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 6th day of October, 1995.

CASE NO. 94-1176-PWD-CN (Reopened)

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT,  
a public utility, Barbour County.

Application for a certificate of convenience and necessity to construct a water line extension project, construct a booster station and pressure reducing station and for approval of rates and charges and financing incidental thereto.

FURTHER ORDER

On September 21, 1995, a recommended decision was entered in the above proceeding which granted Chestnut Ridge Public Service District's (hereinafter District) application for a certificate of convenience and necessity to construct a water line extension project, to construct a booster station and pressure reducing station and certain rates and charges incidental thereto.

The recommended decision also approved the proposed financing for the project which consisted of a Small Cities Block Grant in the amount of \$685,000 and a Water Development Authority Loan in the amount of \$185,000, at an interest rate of 6.875% for a term of forty (40) years.

On September 22, 1995, the Commission received petitions from the District and from Public Service Commission Staff to waive the 15-day period for filing exceptions to the aforesaid recommended decision. Therefore, by order entered by the Commission on September 22, 1995, the requested waiver was granted. The recommended decision became the final order of the Commission on September 27, 1995.

On October 6, 1995, the Commission received, via telecopier, a written communication from Vincent A. Collins, Esq., bond counsel for the District, indicating that the interest rate on the loan for the project covered by this application will be 6.75% and not 6.875% as contained in the recommended decision. Mr. Collins requested that the District receive written approval of the correct interest rate on or before October 10, 1995.

UPON CONSIDERATION WHEREOF the Commission is of the opinion that while the difference in interest rate on the loan does not constitute a change in the project or financing, the Commission is of the opinion that the recommended decision be corrected accordingly.

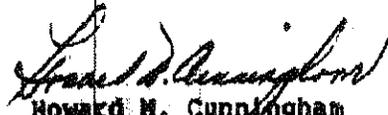
IT IS, THEREFORE, ORDERED that the September 21, 1995 recommended decision in Case No. 94-1176-PWD-CN, and, specifically in ordering paragraph three (3), be and it hereby is, corrected to read as follows:

"IT IS FURTHER ORDERED that the proposed financing of the project, consisting of a Small Cities Block Grant in the amount of \$685,000 and a Water Development Authority Loan in the amount of \$185,000, at an interest rate of 6.75% for a term of forty years, be, and it hereby is, approved."

IT IS FURTHER ORDERED that the recommended decision in all other respects remains in full force and effect.

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.

A True Copy, Tester

  
Howard M. Cunningham  
Executive Secretary

HMC/esk



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority and JACK W. MILLER, Acting Chairman of Chestnut Ridge Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 10th day of October, 1995, the Authority received the Chestnut Ridge Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), issued in the principal amount of \$185,000, as a single, fully registered Bond, numbered R-1 and dated October 10, 1995 (the "Bonds").
2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by Jack W. Miller, as Acting Chairman of the Issuer, and by Sharon Miller, as Secretary of the Issuer, by their respective manual signatures, 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 Bonds in the aggregate principal amount of \$185,000 (100% of par value), there being no interest accrued thereon.

WITNESS our respective signatures on this 10th day of October, 1995.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

Barbara B Meadows  
Secretary-Treasurer

CHESTNUT RIDGE PUBLIC SERVICE  
DISTRICT

Jack A Miller  
Acting Chairman

10/05/95  
CHRJ.F2  
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CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

- (1) Bond No. R-1, constituting the entire original issue of the Chestnut Ridge Public Service District Water Revenue Bonds, Series 1995, in the principal amount of \$185,000, dated October 10, 1995 (the "Bonds"), executed by the Acting Chairman and Secretary of Chestnut Ridge Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on October 3, 1995, and a Supplemental Resolution duly adopted by the Issuer on October 10, 1995 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Secretary of the Issuer;
- (3) Executed counterparts of a loan agreement dated October 10, 1995, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$185,000, representing the agreed 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 and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 10th day of October, 1995.

CHESTNUT RIDGE PUBLIC SERVICE  
DISTRICT

  
\_\_\_\_\_  
Acting Chairman

10/05/95  
CHRJ.G2  
145820/94001



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(SPECIMEN BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CHESTNUT RIDGE PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 1995  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-1

\$185,000

KNOW ALL MEN BY THESE PRESENTS: That CHESTNUT RIDGE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Barbour 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 HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$185,000), 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, 1996. 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 October 10, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks

facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on October 3, 1995, and a Supplemental Resolution duly adopted by the Issuer on October 10, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

**THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER:**

(a) Water Revenue Bond, Series 1988, dated September 9, 1988, issued in the original principal amount of \$190,000 (the "Series 1988 Bond");

(b) Water Revenue Bond, Series 1976, dated July 12, 1977, issued in the original principal amount of \$165,000 (the "Series 1976 Bond"); and

(c) Water Revenue Bond, Series 1972, dated May 16, 1972, issued in the original principal amount of \$54,400 (the "Series 1972 Bond").

**THE SERIES 1988 BOND, THE SERIES 1976 C BOND AND THE SERIES 1972 BOND ARE HEREINAFTER COLLECTIVELY CALLED 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, on parity with the pledge of Net Revenues in favor of the holders of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 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 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 1995 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

The Issuer hereby certifies that none of the proceeds of this Bond will be used for a purpose that will contribute to excessive erosion of highly erodable land or to the conversion of wetlands to produce an agricultural commodity.

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 Net 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, CHESTNUT RIDGE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Acting Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated October 10, 1995.

[SEAL]

\_\_\_\_\_  
Acting Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: \_\_\_\_\_, 199\_\_\_\_\_.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A - SCHEDULE OF ANNUAL DEBT SERVICE

BOND DEBT SERVICE

West Virginia Water Development Authority  
CHESTNUT RIDGE PSD

Dated Date           10/10/1995  
Delivery Date       10/10/1995

Period Ending	\$185,000				Annual Debt Service
	Principal	Coupon	Interest	Debt Service	
Oct 10, 1995	-	-	-	-	-
Oct 1, 1996	1,112.00	6.750%	12,175.31	13,287.31	13,287.31
Apr 1, 1997	-	-	6,206.22	6,206.22	-
Oct 1, 1997	1,216.00	6.750%	6,206.22	7,422.22	13,628.44
Apr 1, 1998	-	-	6,165.18	6,165.18	-
Oct 1, 1998	1,298.00	6.750%	6,165.18	7,463.18	13,628.36
Apr 1, 1999	-	-	6,121.37	6,121.37	-
Oct 1, 1999	1,385.00	6.750%	6,121.37	7,506.37	13,627.74
Apr 1, 2000	-	-	6,074.63	6,074.63	-
Oct 1, 2000	1,479.00	6.750%	6,074.63	7,553.63	13,628.26
Apr 1, 2001	-	-	6,024.71	6,024.71	-
Oct 1, 2001	1,579.00	6.750%	6,024.71	7,603.71	13,628.42
Apr 1, 2002	-	-	5,971.42	5,971.42	-
Oct 1, 2002	1,685.00	6.750%	5,971.42	7,656.42	13,627.84
Apr 1, 2003	-	-	5,914.55	5,914.55	-
Oct 1, 2003	1,799.00	6.750%	5,914.55	7,713.55	13,628.10
Apr 1, 2004	-	-	5,853.84	5,853.84	-
Oct 1, 2004	1,920.00	6.750%	5,853.84	7,773.84	13,627.68
Apr 1, 2005	-	-	5,789.04	5,789.04	-
Oct 1, 2005	2,050.00	6.750%	5,789.04	7,839.04	13,628.08
Apr 1, 2006	-	-	5,719.85	5,719.85	-
Oct 1, 2006	2,188.00	6.750%	5,719.85	7,907.85	13,627.70
Apr 1, 2007	-	-	5,646.00	5,646.00	-
Oct 1, 2007	2,336.00	6.750%	5,646.00	7,982.00	13,628.00
Apr 1, 2008	-	-	5,567.16	5,567.16	-
Oct 1, 2008	2,494.00	6.750%	5,567.16	8,061.16	13,628.32
Apr 1, 2009	-	-	5,482.99	5,482.99	-
Oct 1, 2009	2,662.00	6.750%	5,482.99	8,144.99	13,627.98
Apr 1, 2010	-	-	5,393.15	5,393.15	-
Oct 1, 2010	2,842.00	6.750%	5,393.15	8,235.15	13,628.30
Apr 1, 2011	-	-	5,297.23	5,297.23	-
Oct 1, 2011	3,034.00	6.750%	5,297.23	8,331.23	13,628.46
Apr 1, 2012	-	-	5,194.83	5,194.83	-
Oct 1, 2012	3,239.00	6.750%	5,194.83	8,433.83	13,628.66
Apr 1, 2013	-	-	5,085.52	5,085.52	-
Oct 1, 2013	3,457.00	6.750%	5,085.52	8,542.52	13,628.04
Apr 1, 2014	-	-	4,968.84	4,968.84	-
Oct 1, 2014	3,690.00	6.750%	4,968.84	8,658.84	13,627.68
Apr 1, 2015	-	-	4,844.31	4,844.31	-
Oct 1, 2015	3,940.00	6.750%	4,844.31	8,784.31	13,628.52
Apr 1, 2016	-	-	4,711.33	4,711.33	-
Oct 1, 2016	4,206.00	6.750%	4,711.33	8,917.33	13,628.66
Apr 1, 2017	-	-	4,569.38	4,569.38	-
Oct 1, 2017	4,489.00	6.750%	4,569.38	9,058.38	13,627.76
Apr 1, 2018	-	-	4,417.88	4,417.88	-
Oct 1, 2018	4,792.00	6.750%	4,417.88	9,209.88	13,627.76
Apr 1, 2019	-	-	4,256.15	4,256.15	-
Oct 1, 2019	5,116.00	6.750%	4,256.15	9,372.15	13,628.30
Apr 1, 2020	-	-	4,083.48	4,083.48	-
Oct 1, 2020	5,461.00	6.750%	4,083.48	9,544.48	13,627.96
Apr 1, 2021	-	-	3,899.17	3,899.17	-
Oct 1, 2021	5,830.00	6.750%	3,899.17	9,729.17	13,628.34
Apr 1, 2022	-	-	3,702.41	3,702.41	-
Oct 1, 2022	6,223.00	6.750%	3,702.41	9,925.41	13,627.92

BOND DEBT SERVICE

West Virginia Water Development Authority  
CHESTNUT RIDGE PSD

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2023	-	-	3,492.38	3,492.38	-
Oct 1, 2023	6,643.00	6.750%	3,492.38	10,135.38	13,627.76
Apr 1, 2024	-	-	3,268.18	3,268.18	-
Oct 1, 2024	7,092.00	6.750%	3,268.18	10,360.18	13,628.36
Apr 1, 2025	-	-	3,028.83	3,028.83	-
Oct 1, 2025	7,571.00	6.750%	3,028.83	10,599.83	13,628.66
Apr 1, 2026	-	-	2,773.31	2,773.31	-
Oct 1, 2026	8,082.00	6.750%	2,773.31	10,855.31	13,628.62
Apr 1, 2027	-	-	2,500.54	2,500.54	-
Oct 1, 2027	8,627.00	6.750%	2,500.54	11,127.54	13,628.08
Apr 1, 2028	-	-	2,209.38	2,209.38	-
Oct 1, 2028	9,209.00	6.750%	2,209.38	11,418.38	13,627.76
Apr 1, 2029	-	-	1,898.57	1,898.57	-
Oct 1, 2029	9,831.00	6.750%	1,898.57	11,729.57	13,628.14
Apr 1, 2030	-	-	1,566.78	1,566.78	-
Oct 1, 2030	10,495.00	6.750%	1,566.78	12,061.78	13,628.56
Apr 1, 2031	-	-	1,212.57	1,212.57	-
Oct 1, 2031	11,203.00	6.750%	1,212.57	12,415.57	13,628.14
Apr 1, 2032	-	-	834.47	834.47	-
Oct 1, 2032	11,959.00	6.750%	834.47	12,793.47	13,627.94
Apr 1, 2033	-	-	430.85	430.85	-
Oct 1, 2033	12,766.00	6.750%	430.85	13,196.85	13,627.70
	185,000.00		332,528.31	517,528.31	517,528.31

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:

\_\_\_\_\_



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

October 10, 1995

Chestnut Ridge Public Service District  
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

SEVENTH FLOOR, BANK ONE CENTER  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25401-5429  
(304) 263-6991  
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-1414  
FACSIMILE (304) 725-1913

THE BRYAN CENTRE  
P. O. BOX 570  
82 WEST WASHINGTON STREET, FOURTH FLOOR  
HAGERSTOWN, MARYLAND 21740-0570  
(301) 739-8600  
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING  
P. O. BOX 150  
14TH AND CHAPLINE STREETS  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101  
P. O. BOX 628  
417 GRAND PARK DRIVE  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6463  
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Chestnut Ridge 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 \$185,000 Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 10, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The 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, 1996, at the rate of 6 3/4% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 1996, and ending October 1, 2033, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The 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 "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 3, 1995, as supplemented by a Supplemental Resolution duly adopted

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by the Issuer on October 10, 1995 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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 created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act 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 Bond Legislation 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 Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The 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 Bond Legislation and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bond, Series 1988, dated September 9, 1988, (ii) Water Revenue Bond, Series 1976, dated July 12, 1977, and (iii) Water Revenue Bond, Series 1972, dated May 16, 1972, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must

be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges set forth therein, may be subject to and limited by 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.

We have examined the executed and authenticated 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,

  
STEPTOE & JOHNSON

10/09/95  
CHRJ.H2  
145820/94001



JAMES H. WARE

ATTORNEY AT LAW

P.O. BOX 358

PHILIPPI, WEST VIRGINIA 26416

PHONES: 457-3661  
HOME: 457-2427

October 10, 1995

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

Steptoe & Johnson  
Attorneys at Law  
Post Office Box 2190  
Clarksburg, West Virginia 26302

RE: Chestnut Ridge Public Service District  
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

Ladies and Gentlemen:

I am counsel to Chestnut Ridge Public Service District, a public service district, in Barbour County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated October 10, 1995, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on October 3, 1995, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 10, 1995 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Barbour County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, 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, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulations, rule, order or decree to which the Issuer is subject.

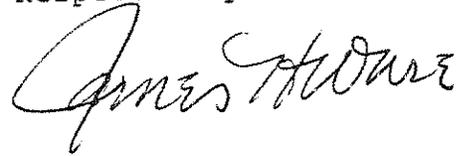
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Barbour County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered September 21, 1995, in Case No. 94-1176-PWD-CN, approving and consenting to the issuance of the Bonds, approving the Issuer's water rates and charges and granting to the Issuer a certificate of public convenience and necessity for construction of the Project and the Further Order dated October 6, 1995, in the same case, correcting the approved interest rate of the Bonds. The time for appeal of such Final Order has not expired prior to the date hereof. However, the staff of the Public Service Commission of West Virginia has indicated that it does not intend to appeal such Final Order. The Issuer has certified that it does not intend to appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No: 94-1176-PWD-CN. The Final Order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

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

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

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

Respectfully,



James H. Ware

JHW/jsw



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

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. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
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 BOND
20. CONFLICT OF INTEREST
21. GRANTS

We, the undersigned ACTING CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Chestnut Ridge Public Service District, in Barbour County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$185,000 Chestnut Ridge Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer duly adopted October 3, 1995, and a Supplemental Resolution of the Issuer duly adopted October 10, 1995 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the

System, the receipt of the Grant proceeds 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, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant proceeds or the pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project 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.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 1995 Bonds as to liens, pledge and source of and security for payment as follows:

(i) Water Revenue Bond, Series 1988, dated September 9, 1988, issued in the original principal amount of \$190,000 (the "Series 1988 Bond");

(ii) Water Revenue Bonds, Series 1976, dated July 12, 1977, issued in the original principal amount of \$165,000 (the "Series 1976 Bond"); and

(iii) Water Revenue Bond, Series 1972, dated May 16, 1972, issued in the original principal amount of \$54,400 (the "Series 1972 Bond").

The Series 1988 Bond, the Series 1976 Bond and the Series 1972 Bond are hereinafter collectively called the "Prior Bonds."

The Series 1995 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

The Issuer has obtained the consent of the Holder of the Prior Bonds (The United States of America, Department of Agriculture, Rural Economic and Community Development, formerly Farmers Home Administration) to the issuance of the Series 1995 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or 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, altered, supplemented or changed in any way unless modification appears from later documents also listed below:

Orders of Barbour County Commission proposing the creation of and creating Chestnut Ridge Public Service District.

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

Oaths of Office of current members of Public Service Board.

Bond Resolution.

Supplemental Resolution.

Rules of Procedure.

Affidavit of Publication on Borrowing.

Minutes of Current Year Organizational Meeting.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

Evidence of United States Department of Housing and Urban Development (CDBG) Grant.

Public Service Commission Orders entered September 21, 1995 and October 6, 1995.

Prior Resolutions.

Consent of Prior Bondholders to Issuance of Parity Bonds.

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Jack W. Miller	September, 1993	September, 1999
William Nestor	August 2, 1993	August 2, 1999
Rev. Frank Peoples	January 4, 1990	January 4, 1996

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 1995 are as follows:

Acting Chairman	-	Jack W. Miller
Secretary/Treasurer	-	Sharon Miller

The duly appointed and acting counsel to Issuer is James H. Ware, Philippi, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6,

Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement 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. The Issuer shall deliver to the Authority evidence of fidelity bonds covering all persons who shall have access or control over the Issuer's funds.

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

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on October 13, 1992, in Case No. 92-0267-PWD-19A, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

12. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on September 21, 1995, in Case No. 94-1176-PWD-CN, granting to the Issuer a certificate of convenience and necessity for the Project, approving the continuation of existing user rates and approving the financing for the Project and the Further Order dated October 6, 1995, in the same case, correcting the approved interest rate on the Bonds. The time for appeal of such Final Order has not expired prior to the date hereof. However, the staff of the Public Service Commission of West Virginia has indicated that it does not intend to appeal such Final Order. The Issuer hereby certifies that it will not appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No. 94-1176-PWD-CN. The Final Order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Acting Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered R-1, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being \$185,000 (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, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the 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 to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by 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 related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the

foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

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

19. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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

21. GRANTS: As of the date hereof, the grant from the United States Department of Housing and Urban Development (CDBG) in the amount of \$685,000 is committed and in full force and effect.

WITNESS our signatures and the official seal of CHESTNUT RIDGE PUBLIC SERVICE DISTRICT on this 10th day of October, 1995.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Jack A. Miller

Acting Chairman

David G. Miller

Secretary

\_\_\_\_\_

Counsel to Issuer

10/09/95  
CHRJ.J3  
145820/94001

Witness our signatures and the official seal of CHESTNUT  
RIDGE PUBLIC SERVICE DISTRICT on this 10th day of October,  
1995.

(CORPORATE SEAL)

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_  
\_\_\_\_\_  
*James H. Warr*  
\_\_\_\_\_

Acting Chairman

Secretary-Treasurer

Counsel to Issuer

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

I, JACK W. MILLER, Acting Chairman of the Public Service Board of Chestnut Ridge Public Service District, in Barbour County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$185,000 aggregate principal amount of Water Revenue Bonds, Series 1995, of the Issuer, dated October 10, 1995 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. 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. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on October 3, 1995, as supplemented (the "Bond Resolution"), authorizing the Bonds.

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 October 10, 1995, the date on which the Bonds are to be physically delivered in exchange for the issue price of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has,

therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on October 10, 1995, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated October 10, 1995, by and between the Issuer and the Authority, for an aggregate purchase price of \$185,000 (100% of par value), there being no accrued interest paid thereon.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, 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 commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the project on or before June 1, 1996, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by May 1, 1996.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$870,000. Sources and uses of funds for the Project are as follows:

- (7) Series 1995 Bonds Sinking Fund; and
- (8) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

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

- (1) Bond proceeds in the amount of \$-0- will be deposited in the Series 1995 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

- (2) Bond proceeds in the amount of \$-0- will be deposited in the Series 1995 Bonds Reserve Account.

- (3) Bond proceeds in the amount of \$-0- shall be paid to the Authority to pay in full the principal of and interest accrued on all borrowings by the Issuer from the Authority to finance the planning and design of waterworks facilities for the System.

- (4) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 1995 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

SOURCES

Gross Proceeds of the Bonds	\$185,000
HUD Grant	<u>685,000</u>
Total Sources	<u>\$870,000</u>

USES

Acquisition and Construction of Project	\$859,000
Repayment of Loans from Authority	-0-
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	-0-
Costs of Issuance	<u>11,000</u>
Total Uses	<u>\$870,000</u>

The amount of the costs of the Project not expected to be reimbursed or paid from grant proceeds is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grant proceeds stated above, 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 Bond Resolution, the following special funds or accounts have been created or continued:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Prior Bonds Reserve Accounts;
- (4) Renewal and Replacement Fund;
- (5) Bond Construction Trust Fund;
- (6) Rebate Fund;

13. Except for the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1995 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1995 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds, and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1995 Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1995 Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 7 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 1995 Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1995 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 8 months from the date of issuance thereof.

18. The Series 1995 Bonds Sinking Fund (other than the Series 1995 Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments

of debt service on the Bonds each year. The Series 1995 Bonds Sinking Fund (other than the Series 1995 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1995 Bonds Sinking Fund (other than the Series 1995 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1995 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1995 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1995 Bonds Sinking Fund (other than in the Series 1995 Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of September 27, 1994.

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

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

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

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

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

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

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

assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

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

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

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

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

31. The Issuer has either (a) funded the Series 1995 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1995 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1995 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1995 Bonds Reserve Account and the Series 1995 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

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

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

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

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

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

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

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

sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

39. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

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

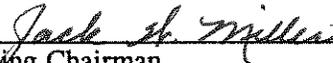
42. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

43. 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 Bonds.

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

WITNESS my signature on this 10th day of October, 1995.

CHESTNUT RIDGE PUBLIC SERVICE  
DISTRICT

  
\_\_\_\_\_  
Acting Chairman

10/09/95  
CHRJ.K3  
145820/94001



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, F. W. H. H. H. Registered Professional Engineer, West Virginia License No. 102949, of Dunn Engineers, Inc., Consulting Engineers, in Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of Chestnut Ridge Public Service District (the "Issuer") to be constructed primarily in Barbour County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on October 3, 1995, as supplemented, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated October 10, 1995.

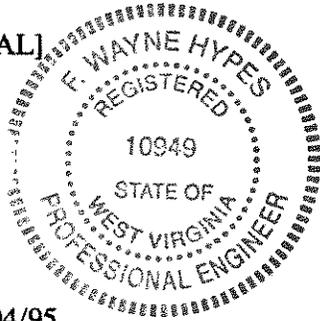
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

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

Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 10th day of October, 1995.

[SEAL]



DUNN ENGINEERS, INC.

  
West Virginia License No. 10949

10/04/95  
CHRJM.L2  
145820/94001

EXHIBIT A

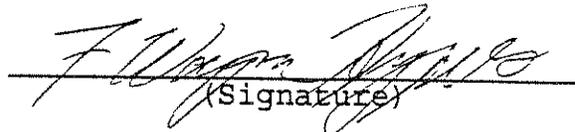
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AMENDED APPLICATION FOR A CONSTRUCTION LOAN

1. Full legal name of Applicant: Chestnut Ridge Public Service District
2. Date of original Application for a Construction Loan (the "Original Application") (date signed by Applicant):  
\_\_\_\_\_
3. (a) Date bids for Project were received: August 16, 1995  
(b) Expiration date of bids: September 29, 1995  
(c) Attach copies of apparent responsible, acceptable low bids.
4. Complete attached Amended Schedule A: "Total Cost of Project, Sources of Funds and Cost of Financing," based on bids received. If construction of the Project has begun, indicate any changes to date from the cost of and sources of funds for the Project as bid. Revise and attach (as Amended Schedule B) a complete "Cash Flow Analysis" for the Project, based on bids received.
5. Set forth any other modifications to information included in or with the Original Application. Indicate to which paragraph of or exhibit to the Original Application the modified information applies.

\* \* \* \*

The undersigned, as a duly authorized representative of the Consulting Engineer, certifies that he has completed this Amended Application, including the exhibit documents attached, and consents to the use of such information by the Authority in connection with the financing of the Project.

  
(Signature)

Date: October 10, 19 95

The undersigned officer of the Applicant hereby certifies to the West Virginia Water Development Authority that he is duly authorized to execute this Amended Application on behalf of the Applicant and that the information contained in this Amended Application and in the exhibit documents attached hereto is true, correct and complete to the best knowledge and belief of the undersigned.

Name of Applicant (Typed): Chestnut Ridge PSD

By: (Signature) Jack H. Miller

Title: Chairman

Date: October 10, 1995

ABB02E19

DATE: October 10, 1995

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Chestnut Ridge Public Service District  
TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	\$	<u>708,000</u>	
2.	Technical Services	\$	<u>115,200</u>	
3.	Legal and Fiscal	\$	<u>6,800</u>	
4.	Administrative	\$	<u>25,000</u>	
5.	Site and Other Lands	\$	<u>4,000</u>	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____ )	\$	<u>0</u>	
7.	Interim Financing Costs	\$	<u>0</u>	
8.	Contingency	\$	<u>0</u>	
9.	Total of Lines 1 through 8			\$ <u>859,000</u>

B. Sources of Funds

10.	Federal Grants: <sup>1</sup> (Specify Source)	<u>HUD CDBG</u>	\$	<u>685,000</u>	
11.	State Grants: (Specify Source)	_____	\$	_____	
		_____	\$	_____	
		_____	\$	_____	
12.	Other Grants: (Specify Source)	_____	\$	_____	
13.	Any Other Source <sup>2</sup> (Specify)	_____	\$	_____	
		_____	\$	_____	
14.	Total of Lines 10 through 13			\$	<u>685,000</u>
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)			\$	<u>174,000</u>

<sup>1</sup> Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

<sup>2</sup> For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest	\$ _____	
	(Construction period plus six months)		
17.	Funded Reserve Account <sup>3</sup>	\$ _____	
18.	Other Costs <sup>4</sup>	\$ <u>11,000</u>	
19.	Total Cost of Financing		\$ <u>11,000</u>
	(Lines 16 through 18)		
20.	Size of Bond Issue		\$ <u>185,000</u>
	(Line 15 plus Line 19)		

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

Jack H. Miller  
SIGNATURE OF AUTHORIZED  
OFFICER OF APPLICANT

F. W. [Signature]  
SIGNATURE OF ENGINEER

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<sup>3</sup> Consult with bond counsel and the Authority before assuming a funded reserve.

<sup>4</sup> For example, fees of bond counsel for the Governmental Agency.



LOIS K. WILSON

Certified Public Accountant

P. O. Box 1080 - Phone 823-1717

Belington, West Virginia 26250

October 10, 1995

Chestnut Ridge Public Service District  
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered September 21, 1995, in Case No. 94-1176-PWD-CN (being the existing rates charged to customers of the hereinafter described System), and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Dunn 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 waterworks system (the System), of Chestnut Ridge Public Service District (the "Issuer") will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority (the "Bonds), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted October 3, 1995, authorizing the Bonds. It is our further opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for the principal of and interest on the Prior Bonds and the Bonds.

Very truly yours,

  
LOIS K. WILSON, CPA



FIRST TERM OF COURT HELD APRIL 3, 1847

PRESENT: DAVID HOLDEN, JACOB KELLER, JACOB BENNETT, JOSEPH TETER, HENRY STURM, WILLIAM F. WILSON, WM. W. R. CALLIHAN,  
JOHN H. WOODFORD, JOSEPH MCCOY, WILLIAM SHAW, NOAH E. CORLEY, JOHN REGER, SAMUEL STALNAKER, JOHN KELLEY, ELAM D.  
TALBOTT, SAMUEL ELLIOTT, ISAAC BOOTH, MICHAEL NEVILLE, GEORGE NESTOR, WILLIAM JOHNSON . . . GENTLEMEN JUSTICES

CLERK'S OFFICE

DEPUTIES:

WANDA DAVIS MOUSER  
MACEL FREEMAN  
MADELYN N. THOMAS

County Court of Barbour County

GLENN A. PROPST, CLERK  
PHILIPPI, WEST VIRGINIA

COUNTY COMMISSIONERS:

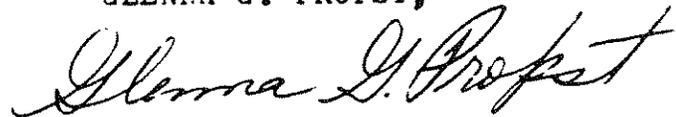
ROBERT MCDANIEL  
PRESIDENT  
BOX 272  
PHILIPPI, W. VA.  
ORION T. CORLEY  
BOX 374  
BELINGTON, W. VA.  
JAMES P. STEMPLE  
ROUTE 2  
PHILIPPI, W. VA.

TO WHOM IT MAY CONCERN

On the 16th. day of June 1971, at the hour of seven o'clock, p.m., EDT, in the County Court Room in the Court House in the City of Philippi, Barbour County, West Virginia, Ray Bowers appeared and presented a letter requesting creation of CHESTNUT RIDGE PUBLIC SERVICE DISTRICT, together with information concerning the proposed boundaries of the same.

On motion of James P. Stemple and seconded by Orion T. Corley the court moved to propose the creation of such District and set July 1971 for the hearing date for such motion. The Clerk was directed to publish the proper notice.

GLENN A. PROPST,



Barbour County Clerk.

A true copy from the minutes:

FIRST TERM OF COURT HELD APRIL 3, 1943

PRESENT: DAVID HOLDEN, JACOB KELLER, JACOB BENNETT, JOSEPH TETER, HENRY STURM, WILLIAM F. WILSON, WM. W. R. CALLIHAN, JOHN N. WOODFORD, JOSEPH MCCOY, WILLIAM SHAW, NOAH E. CORLEY, JOHN REGER, SAMUEL STALNAREK, JOHN KELLEY, ELAM D. TALBOTT, SAMUEL ELLIOTT, ISAAC BOOTH, MICHAEL NEVILLE, GEORGE NESTOR, WILLIAM JOHNSON . . . GENTLEMEN JUSTICES

CLERK'S OFFICE

DEPUTIES:

WANDA DAVIS MOUSER  
MACEL FREEMAN  
MADELYN N. THOMAS

County Court of Barbour County

GLENN A. PROPST, CLERK  
PHILIPPI, WEST VIRGINIA

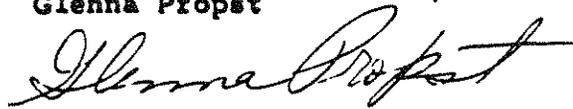
COUNTY COMMISSIONERS:

ROBERT MCDANIEL  
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ORION T. CORLEY  
BOX 374  
BELLINGTON, W. VA.  
JAMES P. STEMPLE  
ROUTE 2  
PHILIPPI, W. VA.

TO WHOM IT MAY CONCERN

On the 21st day of July, 1971, at the hour of eight o'clock p.m., EDT; in the Circuit Court Room in the Court House in the City of Philippi, Barbour County, West Virginia, John A. Mosesso, Attorney, called the meeting to order, Robert McDaniel, President, read Public Service District notice which was published in paper. James Stemple made a motion and seconded by Orion T. Corley to APPROVE the making of CHESTNUT RIDGE WATER a Public Service District. The Barbour County Court also approved the following officers to serve on the Chestnut Ridge Public Service District: Rev. Frank Peoples, President; Mrs. Grace Stemple, Vice-President; Mrs. Fern Culberson, Secretary-Treasurer.

Glenna Propst



Barbour County Clerk



METES AND BOUNDS DESCRIPTION  
OF  
CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Beginning at a point on the bank of the Tygarts Valley River on the line of the corporate limits of the City of Philippi; thence with the corporate line in a southerly direction .82 miles to a point; thence S.  $58^{\circ} 45'$  E. .85 miles to a point; thence S.  $36^{\circ} 30'$  E. 1.01 miles to a point; thence N.  $84^{\circ} 15'$  E. 1.20 miles to a point; thence N.  $69^{\circ} 30'$  E. 1.87 miles to a point; thence N.  $64^{\circ} 45'$  E. 1.71 miles to a point; thence N.  $42^{\circ} 15'$  E. 1.15 miles to a point; thence N.  $47^{\circ} 30'$  E. 1.21 miles to a point; thence N.  $4^{\circ} 45'$  W. 1.35 miles to a point; thence N.  $14^{\circ} 45'$  E. 1.30 miles to a point; thence N.  $54^{\circ} 30'$  W. .82 miles to a point; thence S.  $78^{\circ} 45'$  W. 2.19 miles to a point in the Tygarts Valley River; thence with said River 2.43 miles to a point; thence N.  $4^{\circ} 15'$  W. .71 miles to a point; thence N.  $79^{\circ} 5'$  W. .76 miles to a point; thence S.  $68^{\circ} 30'$  W. .72 miles to a point; thence S.  $16^{\circ} 30'$  W. 1.10 miles to a point in the Tygarts Valley River; thence along said River 4.34 miles to the place of beginning, containing 33.7 square miles.

AFFIDAVIT

Know all men by these presents:

That I, William R. Bowers, Sr., being first duly sworn, depose and say that on the 29th. day of June, 1971, I posted copies of the attached notice at the following locations: Morrall, Meriden, Chestnut Ridge, Ford-Run, Tacy and Nestorville.

Given under my hand the 21st. day of July, 1971.

*William R. Bowers, Sr.*

Taken sworn and subscribed to and before me, the undersigned authority the 21st. day of July, 1971.

\_\_\_\_\_  
Notary Public

My Commission Expires:

Office of THE BARBOUR DEMOCRAT

I, ROBERT A. BYRNE, Editor of THE BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed

NOTICE OF PUBLIC SERVICE DISTRICT was duly printed in said paper TWO successive weeks, commencing on Wednesday, the 30th day of June, 1971

Given under my hand at Philippi, West Virginia, this 15th day of March, 1972

Robert A. Byrne, Editor

Printer's Fee \$ 0.00
Posters \$
TOTAL \$ 0.00

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:

Sworn to and subscribed before me this 13th day of March, 1972

Louise S. Smith, NOTARY PUBLIC, My Commission Expires April 18, 1973

PROPOSED PUBLIC SERVICE DISTRICT

Notice is hereby given that on the 21st day of July, 1971, at the hour of eight o'clock p.m., EDT, in the Circuit Court Room in the Court House in the City of Philippi, Barbour County, West Virginia, the County Court of Barbour County will hold a public hearing concerning the establishment of a Public Service District to provide water service in Chestnut Ridge, Fort Run, Meriden, Nestorville, and Tac areas in said county, to be known as the Chestnut Ridge Public Service District, at which time all interested persons may appear and be heard concerning this matter.

Given under my hand this 29th day of June, 1971. GLENNA G. PROPST, County Clerk, Barbour County

7/2x

paid 7-27-71

Louise S. Smith Bookkeeper

IN THE COUNTY COMMISSION OF BARBOUR COUNTY, WEST VIRGINIA

Pursuant to an order entered by this Court on November 1, 1976, a public hearing has been held in the Circuit Court Room in Barbour County, West Virginia, in the City of Philippi, at 7:00 P.M. on November 15, 1976, at which time and place a number of persons appeared for the purpose of expressing their views on the expansion of the Chestnut Ridge Public Service District within Barbour County.

The Clerk of this Court testified that she has caused to be published in the Barbour Democrat, a newspaper of general circulation in Barbour County, as a Class I advertisement, on November 3, 1976, a map of the boundaries of the proposed expansion, as well as a copy of said November 1, 1976 order of this Court, including the legal description of the proposed district. And in addition, evidence was presented to the Court that on the same date at least five copies of said November 1, 1976 order were posted in at least five conspicuous places within the proposed expansion, all as required by law.

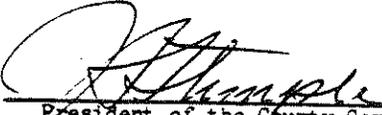
At said November 15, 1976 meeting everyone present had an opportunity to be heard on the formation of the proposed expansion and the consensus was that there is a great need for such an expansion, and the Court, being of the opinion that the expansion of said district is feasible, and that said expansion will be conducive to the preservation of public health, comfort and convenience of the area.

NOW, THEREFORE, in accordance with the powers granted unto this Court by Chapter 16, Article 13a of the Code of West Virginia, as amended, it is hereby ordered that the Chestnut Ridge Public Service District be expanded along its northwest boundary for a total area of 3.1 square miles along both sides of the Arden Road between Arden and U.S. 119-250, and as described by meets and bounds as follows:

Beginning at the point of intersection of two lines of the Chestnut Ridge Public Service District: S. 68 30 W. 0.72 mile and S. 16 30 W. 1.10 miles near the Ebenezer Church community and the waters of Mitchell Run, thence with a line of said Public Service District S. 16 30 W. 1.10 miles to the center of the Tygarts Valley River, thence leaving said River S. 82 30 W. 0.91 mile to a 1600 foot contour, thence S. 88 35 W. 1.58 miles, crossing West Virginia Secondary Route 6-5, the waters of Taylor Drain, the B&O Railroad and U. S. Routes 119 and 250 near Hopewell to a point

on the 1400 foot contour, thence N. 19 00 W. 0.72 mile to a high point near a strip mine, thence N. 62 30 E. 0.75 mile, crossing said B & O Railroad, Taylor Drain and U. S. Routes 119 and 250 to a high knob at the 1800 foot contour, thence N. 88 00 E. 0.66 mile to a high point at the 1725 contour line, thence N. 70 30 E. 1.37 mile to the 1600 foot contour on a high knob; thence S. 53 00 E. 0.49 mile to the point of beginning, containing 3.1 square miles, more or less.

All of which is considered and ordered by the Court on this 7th day of February, 1977, and direct that the Clerk of this Court shall enter this Order of record.

  
\_\_\_\_\_  
President of the County Commission of  
Barbour County, West Virginia



The regular monthly meeting of the Barbour County Commission was held on September 7, 1993 at the Barbour County Courthouse in the Commission room thereof, the meeting was called to order at 8:00 AM with the PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG recited in unison.

PRESENT: Kenneth Dadisman, President; Lowell England and Roger Jones, Commissioners; Debra Talbott, Clerk; and Charles Foley, coordinator.

ALSO PRESENT: Edward L. Bartley, Conny Mayle, Janet S. Kennedy, Regina Kennedy, Tennie Kennedy, Okey Mayle, Juanita Purkey, Bertha Newman, Genevieve Norris, Ruth Delaney, Al Romain, Patricia Cobb, William Knapp, Mary A. Knapp, Sharon Miller, Larry Norris, E. Lynn Phillips, Susie Higgins, Barbara Wilson, Paul A. Bennett, Robert Hammer, Willard Phillips, Jr., Charles L. Schnautz, Devon McNamara, Dana Booth, Marjorie Moats, Dennis Fisher, T. L. Wilfong, Jr., Doug Allen, Robert G. Jones, Debbie White, "Skip" Wilson, Mike Green, John A. Mosesso, Mary Honce, Joe Tackas, Elizabeth Tackas, Phil Hart, Ronald Mouser, Barbara Weaver, Gerald Fogg, Misty Renee Cobb, Patricia A. Cobb and Evelyn Faye Teter.

Motion by Lowell England to approve the minutes of the previous meeting, seconded by Roger Jones, motion carried.

A public hearing pertaining to the Chestnut Ridge Public Service District was held about the replacement of Ruston Seaman on the board. Numerous citizens spoke about their concerns for the district and the board and the need of water to this area. The County Commission recessed for ten minutes.

The Commission meeting reconvened with Terry Wilfong representing Barbour County Emergency Services speaking. The Emergency services are asking for the County Commission to support of a Special Levy Election for a 100% three year levy to benefit the Emergency Services.

Dr. Paul A. Bennett from Broadus Hospital Board of Directors asked the County Commission for their support in a Special Levy election for a 100% 3 year levy for Broadus Hospital, comments from Robert Hammer and Susie Higgins, the current administrator of Broadus Hospital were heard.

The Commission recessed for ten minutes.

A request from Ellen R. Markley to appoint Rita White, Fiduciary Commissioner for Amy Markley was read. Motion by Lowell England to appoint Rita White to replace Lois K. Wilson in this matter, seconded by Roger Jones, motion carried.

Numerous claims were filed with the Commission on the estate of Lena Paugh. Motion by Roger Jones to refer said estate to Fiduciary Commissioner, George Weekley, seconded by Lowell England, motion carried.

Motion by Lowell England to open a special checking account for the Central Barbour Public Service District Waterline Extension Fund, seconded by Roger Jones, motion carried.

Motion by Lowell England to approve budget adjustment as filed with the County Clerk, seconded by Roger Jones, motion carried.

The County Commission met on September 7, 1993 with a quorum present and passed the following resolution, motion by Lowell England, seconded by Roger Jones, motion carried.

RESOLUTION

Be it resolved that the Barbour County Commission hereby authorizes THE HONORABLE KENNETH DADISMAN, PRESIDENT of the BARBOUR COUNTY COMMISSION to act on its behalf to enter into a contractual agreement with the Criminal Justice and Highway Safety Office to receive and administer grant funds pursuant to provisions of the Drug Control and System Improvement Formula Grant Program.

The following resolution was approved by the County Commission:

RESOLUTION

WV CERTIFIED DEVELOPMENT COMMUNITY (CDC) PROGRAM  
RESOLUTION OF PARTICIPATION & COOPERATION of BARBOUR COUNTY is interested in the economic well-being of its citizenry and the community at large and, WHEREAS, the governing body is prepared to support appropriate efforts within the community to become totally prepared to promote economic development; and, WHEREAS, the WV Chamber of Commerce, the WV Economic Development Council and the WV Development Office are offering a program that is specially designed to help WV communities become better prepared for industrial and related economic development; and, WHEREAS, BE IT RESOLVED by the BARBOUR COUNTY COMMISSION, That our community and/or region wishes to participate in the Certified Development Community program, and that the leadership of this community fully realizes this program requires dedicated effort, and, BE IT FURTHER RESOLVED, That by making entry in this program, we are pledging our honest efforts to become designated as a "Certified" community, and, BE IT FURTHER RESOLVED, That the program requires the existence or formation of a Local Economic Development Organization, and this governing body designates the Barbour County Development Authority as representing our community for the purpose of participating in this program. This resolution is in full effect upon its adoption this 14th day of September, 1993.

The following resolution was approved by the County Commission:

RESOLUTION

WHEREAS, the governing body is prepared to support appropriate efforts within the community to become totally prepared to promote economic development; and, BE IT FURTHER RESOLVED, that the Barbour County Development Authority shall be charged with the responsibility of development activities and implementing the "Certified Development Communities Program" and adopting those efforts as its goals and objectives. This resolution was adopted this 14th day of September, 1993.

Motion by Kenneth Dadisman to write a letter of support for the Economic Development Authority, seconded by Lowell England, motion carried.

A discussion was held pertaining to the lease for the Professional Building.

A letter was received from Circuit Judge, John L. Waters, requesting that some type of ventilation be provided for the Circuit Courtroom.

ISA

The guardian appointment for MISTY RENEE' COBB has been rescheduled for October 4, 1993 at 8:00 AM.

Frank Peoples, Willie Nestor, James Wright, Kenneth Dadisman, Lowell England and Roger Jones were appointed to a board for the Chestnut Ridge Waterline extension with a meeting set for 9:30 AM on October 4, 1993 about the Engineering proposal.

Motion by Kenneth Dadisman to hire Clay Carter for the Engineering Structural Evaluation for the Barbour County Courthouse, motion seconded by Lowell England, motion carried.

A letter of support from the Commission is to be sent to the Randolph County Housing Authority and the Barbour County Health Department-Behavioral Health Services.

A discussion was held about voting precincts in Barbour County with decisions to be made at a later date.

A discussion was held pertaining to TCI Cable Corp.

Commissioner Jones will contact the Company about the SCT Police Package for the computer system.

A letter from Prosecutor Morris was read about updating historical buildings in the County. Motion by Kenneth Dadisman to request that the Prosecutor handle this matter, seconded by Lowell England, motion carried.

Motion by Roger Jones to make installment payment for the IBM Computer system, seconded by Lowell England, motion carried.

A discussion was held regarding the Labor Study conducted by A-B College.

Commissioner Roger Jones made a motion that the County Commission hold two meetings a month. Motion defeated from lack of a second.

Motion by Lowell England to set a 'Purchase Order' Policy for Parks and Recreation Fund along with the stipulation that business be kept in Barbour County when possible, seconded by Roger Jones, motion carried.

E911 is requesting a monthly financial statement from the County, due to other reports being completed these will be a month behind the current account balance.

The Commission met in executive session.

Upon reconvening the regular meeting a motion was made by Lowell England to have a special meeting to be held on September 14, 1993 at 9:30 AM pertaining to the Levy Election requests and would like a financial statement from the emergency services, seconded by Roger Jones, motion carried.

Motion by Lowell England to retain the Chestnut Ridge Public Service Board Members Frank Peoples, Willie Nestor and James Wright as appointed, in the event of an opening, Ruston Seaman will be considered to fill the position, seconded by Roger Jones, motion carried.

Gerald Fogg spoke to the Commission regarding the costs and benefits for Home Confinement of prisoners, this matter will be reviewed further before any decisions toward this program.

A discussion was held regarding a complaint from Wilbur Nitz about the fence being damaged between him and the fairgrounds.

Dana Booth representing CSX railroad asked the Commission to support the proposal for the removal of the track in Barbour County.

Motion by Lowell England to approve the budget adjustment for the Barbour County Extension Office as filed with the clerk, motion seconded by Roger Jones, motion carried.

Attorney at Law Gerald Fogg asked the Commission to remove the Fiduciary Commissioner on the Lena Paugh estate until the Final Distribution has been presented for approval, motion by Kenneth Dadisman to cancel George Weekly as Fiduciary Commissioner, seconded by Lowell England, motion carried.

Due to an error in the State Tax Department the following Exonerations were approved: Barbour County Pipeline, Inc., Steven Bolyard, Robert P. Chambers, Barbara Criss, Cheyla Purkey, Hugh & Dorothy Daugherty, William Daugherty, Equitable Resources Exploration, Joseph K. Ferguson, Bobby & Evelyn Foltz, Debra G. Harris, William Lance & John Hawkins, Rhoda A. Johns, James Keen, Sr., Jerald D. Long, Preston Louk, Edgar McCauley, George Moats heirs, c/o Delma Hendrix, Raymond Moats, Shirley J. Musgrave, Jeffrey & Christine Pharis, R & B Petroleum, John M. Reed Jr., Wanda Skidmore, Stonewall Gas Company, T & T Automotive & Transmission, Richard & Diane Ware, Herbert Zirkle, Leonard & Vickie Johnson, Columbia Natural Resources, Conley Virginia French Estate, Dora Bunner, UMC Petroleum Corp., John M. & Mabel Stewart, Hollie & Blanch Stewart, Franklin D. Stewart, Gorman C. Newman, Cleo Coffman, Consolidate 1977-3 Development Lock 3 Oil Coal & Dock Co., Gloria Mayle, CNG Producing Co., Carol Ann Dement, Larry W. & Pauline Bailey, Geo-Vest Energy, Inc., Larry & Paulette Bailey, Melba Nutter, Ira D. & Nancy McDaniel, Myron Marsh, Donald & Grace Stemple, Thelma Levicki, Martha Leor Harwood, Betty L. Stout, Elkmar Mining & Supplies, David S. White, Dewey Ray Nestor.

The following settlements were approved by the Commission:

Final Settlement of Committee for Harry Honaker; Wavier and Final Settlements for the following deceased persons: Willard Rollyson, Flossie Fulton, Caroline Virginia Frye, Arlie R. Toothman, Jesse Lee Summerfield, Neason Baughman and Archie L. Nazelrod; Final Settlements of the following deceased persons: Ruth Mayle, John Marshall Collins, Averille A. Mayle and Agnes McCoy.

The meeting adjourned to reopen on October 4, 1993 at 8:00 AM.

Kenneth Dadisman, President

BARBOUR COUNTY COMMISSION MEETING - OCTOBER 4, 1993 - MINUTES

The regular monthly meeting of the Barbour County Commission was held on October 4, 1993 at 8:00 AM at the Barbour County Courthouse in the Commission room thereof.

PRESENT: Kenneth Dadisman, President; Lowell England and Roger Jones, Commissioners, Charles Foley, coordinator; and Debra H. Talbott, Clerk.

ALSO PRESENT: Joe Kaiser, Bob McDaniel, Jack Miller, John Loyd, J. R. Carmen, Calvin Bosely, Stacie Snider, Vickie Boone, Loring R. Phillips and R. G. Mouser.

The meeting was called to order at 8:05 AM by Commission President, Kenneth Dadisman, followed by all reciting the PLEDGE OF ALLEGIANCE, in unison.

Motion by Lowell England to approve the minutes of the previous meeting, seconded by Roger Jones, motion carried.

The Commission accepted the resignation of James Wright from the Chestnut Ridge Public Service District Board and appointed Jack Miller to fill the vacancy.

A letter from the City of Philippi regarding the estate of Lena Paugh was read. The Commission will appoint a Fiduciary Commissioner to investigate these accounts if the final distribution of the estate is not acceptable.

Motion by Kenneth Dadisman to appoint Richard Daugherty to a full term with the Airport Authority, motion seconded by Roger Jones, motion carried. A request was received by the Airport Authority to pay a insurance premium in the amount of \$2,000.00. The coordinator will speak with the City of Philippi about paying one-half of this fee.

Bob McDaniel reported on recent projects from the Parks and Recreation committee and stated the need to build more pavillions at the food stand area at the fairgrounds and also stated that in the near future, through the Development Authority that one person would be taking care of all reservations for the fairgrounds. John Loyd reported on the County Fair attendance and parking at the fairgrounds. The Commission commended David Shaffer for the work completed at the fairgrounds. Also, the Commission approved a purchase order system for Parks and Recreation up to the amount of \$100.00, anything over this amount will be presented to the Commission for their approval prior to purchase.

The coordinator reported that an ad had been placed in the County Newspaper to accept bids for the bonding of the County Officials and employees.

A discussion was held about the needed repairs to the roof of the courthouse and other needed repairs.

An estimate of \$170.29 was presented for the construction of a countertop in the E911 office. this amount would be paid from the Jail Improvement Fund .

The engineers hired for the courthouse will prepare a priority list of required repairs for the Culture/History group to approve for WKY engineers.

Commissioner Jones and coordinator "Chuck" Foley traveled to other Counties to learn about their IBM software.

The Emergency Services levy is being reviewed by the State Department with the Commission waiting for their approval.

Motion by Lowell England to install an additional outlet in the attic for E911, motion seconded by Roger Jones, motion carried.

Coordinator Foley presented an updated list of the members of the Board of Trade, Development Authority and Public Service Districts.

A discussion was held about the \$36.15 monthly telephone base rate that Magistrate Steerma

15B

requested on July 27, 1993 for home phone service. The Commission submitted a letter to Supreme Court Administrator Ted Philyaw, on September 14, 1993 for clarification on this issue. Mr. Philyaw held the position that the Magistrates are entitled to a rate of only \$22.00 a month. The Magistrates were due nine months compensation and instructed to make future payments on a quarterly basis.

A representative from VOREC Electronic Home Monitoring for prisoners presented a proposal for home confinement of county prisoners. A motion was made by Lowell England to sign a contract with VOREC, seconded by Roger Jones, motion carried.

Motion by Roger Jones to charge a base fee of \$10.00 per day for home confinement, payable in advance, seconded by Lowell England, motion carried. Before this program is placed in full operation a FAX machine and phone service must be provided by the jail.

Motion by Lowell England to purchase a Xerox® 1065 copier for the basement of the courthouse with security cards for the employees at a cost of \$3,964.00, seconded by Roger Jones, motion carried.

Commissioner England reviewed the engineering proposal for the extension of the Century Volga Public Service District for 215 customers on the Audra Road at a cost of \$2,178,702 and a need of \$750,000 in funding.

Motion by Lowell England to approve the budget revisions as filed with the Clerk, seconded by Roger Jones, motion carried.

The Commission recessed and held an executive session.

The Commission returned to regular session at 11:15 AM.

Motion by Roger Jones to dissolve the E911 board with the Commission to supervise all operations of E911, including but not limited to hiring of employees and their work schedules, with the work schedules to be prepared by coordinator "Chuck" Foley, seconded by Lowell England, motion carried.

The Commission hired Stacie Marsh Snider as a full time employee for E911 and moved Doug Allen to full time employment.

Motion by Lowell England to hire Calvin Bosely as dispatcher for E911 on a part-time basis to assume duties immediately, seconded by Kenneth Dadisman, Roger Jones abstained from voting, motion carried.

Motion by Kenneth Dadisman to spend up to \$2,000.00 toward the purchase of a computer to be used for E911 employment, schedules, etc., seconded by Lowell England, motion carried.

ANNUAL SETTLEMENTS were approved for the Committees of Darlene Siebert.

FINAL SETTLEMENTS for the estates of the following deceased persons were approved: Beatrice M. Findley; Icie Parsons; Sylvia Everson; and Mary May Norris.

WAVIER AND FINAL SETTLEMENTS for the estates of the following were approved: Arnett E. Baughman; Robert Emmett Moats; Dowden V. Shingleton and Howard W. Smith.

The meeting adjourned at 11:25 AM with the next meeting scheduled for November 1, 1993 at 8:00 AM.

\_\_\_\_\_  
Kenneth Dadisman, President  
Barbour County Commission





DEPUTIES:

MACEL AUVIL

PAM FOSTER

LESA COONTZ

BARBARA N. PEEK

COUNTY COORDINATOR:

CHARLES W. FOLEY JR.



# County Commission of Barbour County

DEBRA H. TALBOTT  
PHILIPPI, WEST VIRGINIA  
TDD 911



COUNTY COMMISSIONERS:

KENNETH E. DADISMAN  
PRESIDENT  
ROUTE 1, BOX 278A  
PHILIPPI, WV 26416

ROGER L. JONES  
P.O. BOX 534  
PHILIPPI, WV 26416

LOWELL D. ENGLAND  
ROUTE 2, BOX 302  
BELINGTON, WV 26250

## Oath of Office and Certificate

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

I DO SOLEMLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION  
OF THE UNITED STATES AND THE CONSTITUTION OF THE STATE OF  
WEST VIRGINIA AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES  
OF THE OFFICE OF

\*\* CHESTNUT RIDGE PUBLIC SERVICE DISTRICT \*\*

TO THE BEST OF MY SKILL AND JUDGMENT: SO HELP ME GOD.

*Willie Nestor*

SIGNATURE OF AFFIANT Willie Nestor

SUBSCRIBED AND SWORN BEFORE ME, IN SAID COUNTY AND STATE,  
THIS 2nd DAY OF August, 19 93.

*Debra H. Talbott*

CLERK, BARBOUR COUNTY COMMISSION

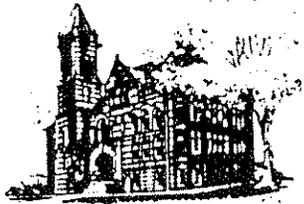


DEPUTIES:

MACEL AUVIL  
PAM FOSTER  
LESA COONTZ  
BARBARA N. PEEK

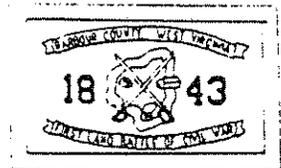
COUNTY COORDINATOR:

CHARLES W. FOLEY JR.



# County Commission of Barbour County

DEBRA H. TALBOTT  
PHILIPPI, WEST VIRGINIA  
TDD 911



COUNTY COMMISSIONERS:

KENNETH E. DADISMAN  
PRESIDENT  
ROUTE 1, BOX 278A  
PHILIPPI, WV 26416

ROGER L. JONES  
P.O. BOX 534  
PHILIPPI, WV 26416

LOWELL D. ENGLAND  
ROUTE 2, BOX 302  
BELINGTON, WV 26250

## Oath of Office and Certificate

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

I DO SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION  
OF THE UNITED STATES AND THE CONSTITUTION OF THE STATE OF  
WEST VIRGINIA AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES  
OF THE OFFICE OF

**\*\* CHESTNUT RIDGE PUBLIC SERVICE DISTRICT \*\***

TO THE BEST OF MY SKILL AND JUDGMENT: SO HELP ME GOD.

Jack A. Miller  
SIGNATURE OF AFFIANT Jack Miller

SUBSCRIBED AND SWORN BEFORE ME, IN SAID COUNTY AND STATE,  
THIS 3rd DAY OF October, 19 93.

Debra H. Talbott  
CLERK, BARBOUR COUNTY COMMISSION

554  
235-60-6511

**Oath of Office and Certificate**

STATE OF WEST VIRGINIA  
Barbour County, to-wit:

I do solemnly swear that I will support the Constitution of the United States and the  
Constitution of the State of West Virginia, and that I will faithfully discharge the duties  
of the office of \*\* MEMBER OF THE CHESTNUT RIDGE PUBLIC  
SERVICE DISTRICT. \*\*

to the best of my skill and judgment: SO HELP ME GOD.

Signature of Affiant Rev. Frank Peoples  
Rev. Frank Peoples.

Subscribed and sworn to before me, in said County and State, this 12th.  
day of January, 19 90.

Wmna H. Probst  
CLERK, COUNTY COURT OF BARBOUR COUNTY



RULES OF PROCEDURE

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at P.O. Box 216, Philippi, WV 26416, West Virginia.

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Chestnut Ridge 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 Barbour 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 First Monday at 4 P.M. 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, two 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 three (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 Barbour 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 Barbour County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least forty-eight 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:

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Chestnut Ridge Public Service District will meet in special session on January 5, at 5:00p.m., prevailing time, at Chestnut Ridge Public Ser. Office West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a Revenue Bonds Bond, Series 1987, of the District, in the principal amount of \$ 90,000, to provide



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.

01/24/86  
HOLD4-T



**Office of THE BARBOUR DEMOCRAT**

I, ROBERT A. BYRNE, Editor of THE BARBOUR DEMOCRAT, a weekly newspaper published in the City of Philippi, County of Barbour, and State of West Virginia, do certify that the annexed.

**LEGAL NOTICE**

was duly printed in said paper two successive weeks, commencing on Wednesday, the 25th day of January, 1995

Given under my hand at Philippi, West Virginia, this

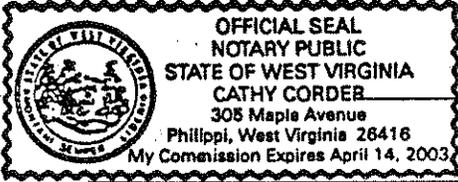
1st day of February, 1995

*Robert A. Byrne*, Editor

Printer's Fee ..... \$  
 Posters ..... \$  
**TOTAL** ..... \$ 17.71

STATE OF WEST VIRGINIA, COUNTY OF BARBOUR:

Sworn to and subscribed before me this 1st day of February, 1995



*Cathy Corder*  
 NOTARY PUBLIC  
 My Commission Expires April 14, 2003  
 14, 2003

**LEGAL NOTICE**  
 The Chestnut Ridge Public Service District intends to file an application with the Public Service Commission of West Virginia, in January, 1995, for a certificate of convenience and necessity to construct and operate extensions to its Public Water System to serve the public within the territorial boundaries of the District in Barbour County, West Virginia.  
 The area to be served are White Oak Drive, Moatsville Road, County Route 76 and Camp Run Road. These proposed extensions will provide service to approximately 85 customers.  
 The application will be filed on or before January 5, 1995. In order to construct the project, the Public Service District proposes to use a U.D. grant from the Governor in the amount of \$685,000 and bonds to be issued to the West Virginia Water Development Authority in an amount not to exceed \$185,000 at an interest rate not to exceed 7 1/2%, with maturities not to exceed 40 years, for a total project cost not to exceed \$870,000. The District's current rates will not be affected by this project.  
 Frank Peoples, Chairman  
 30-2x  
 30-2x



JANUARY 10, 1995

ANNUAL MEETING OF THE CHESTNUT RIDGE PSD

The annual meeting of the Chestnut Ridge Public Service District was held on January 10, 1995 at 4:00 in the conference room of the Hu Myers Health Center. Those present were as follows:

Rev. Frank Peoples, Chairman  
Jack Miller, Vice-Chairman  
John Mosesso, Attorney  
Larry Norris, Maintenance Superintendent  
Sharon Miller, Secretary-Treasurer

This meeting was called to order by the Chairman, Rev. Frank Peoples for the purpose of electing officers for the ensuing year, as is required at the first annual meeting of the district.

A motion was made by Mr. Miller and seconded by Rev. Peoples that officers for the 1995 year remain the same as previously elected in 1994 which are as follows:

Rev. Frank Peoples, Chairman  
Jack Miller, Vice-Chairman  
Willie Nestor, Board Representative  
Sharon Miller, Secretary-Treasurer

John Mosesso gave a brief update on the CSX case which is still pending at this time. John reported that a site review was made in 1994. Cynthia Gustke of Bush and Talbott in Elkins reported to John that depositions from an expert witness had been taken. Larry Norris is to give his deposition on January 18, 1995. John said he feels the District's insurance company is spending an enormous amount of money to settle this case.

A motion for adjournment was made at 4:00 by Mr. Miller, seconded by Rev. Peoples.

cc: Rev. Frank Peoples, Chairman  
Jack Miller, Vice-Chairman  
Willie Nestor, Board Rep.  
John Mosesso, Attorney



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF BOND  
RESOLUTION

I, SHARON MILLER, SECRETARY of the Public Service Board of Chestnut Ridge Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

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The Public Service Board of Chestnut Ridge Public Service District met in regular session, pursuant to notice duly posted, on the 3rd day of October, 1995, in Philippi, West Virginia, at the hour of 2:00 p.m.

PRESENT:	Jack W. Miller	-	Acting Chairman and Member
	William Nestor	-	Member
ABSENT:	Rev. Frank Peoples	-	Chairman and Member

Mr. Miller announced that a quorum of members was present and that the District's Chairman, Rev. Frank Peoples, was temporarily unable to perform his duties as Chairman, due to his hospitalization, and that upon advice of counsel, an Acting Chairman should be named. Thereupon, Mr. Nestor moved that Mr. Miller be appointed Acting Chairman until further action by the Public Service Board, and Mr. Miller seconded such motion. It was then unanimously resolved that Jack W. Miller serve as Acting Chairman of the Chestnut Ridge Public Service District until further action by the Board.

Jack W. Miller, Acting Chairman, then presided, and Sharon Miller, acted as Secretary.

The Acting Chairman announced that the meeting was now open for any business properly before it. Thereupon, the Acting Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF CHESTNUT RIDGE PUBLIC SERVICE DISTRICT AND

THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Nestor, seconded by Mr. Miller, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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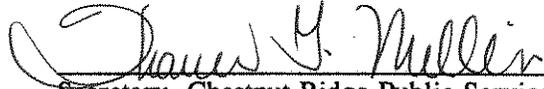
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
\_\_\_\_\_  
Acting Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 10th day of October, 1995.

  
Secretary, Chestnut Ridge Public Service  
District, Public Service Board

10/09/95  
CHRJ.N3  
145820/94001

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF SUPPLEMENTAL  
RESOLUTION

I, SHARON MILLER, SECRETARY of the Public Service Board of Chestnut Ridge Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Chestnut Ridge Public Service District met in special session, pursuant to notice duly posted, on the 10th day of October, 1995, in Philippi, West Virginia, at the hour of 8:30 a.m.

PRESENT:	Jack W. Miller	-	Acting Chairman and Member
	William Nestor	-	Member
ABSENT:	Rev. Frank Peoples	-	Chairman and Member

Jack W. Miller, Acting Chairman, presided, and Sharon Miller, acted as Secretary.

The Acting Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Acting Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF CHESTNUT RIDGE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND

20B

DEPOSITORY BANK; AND MAKING OTHER PROVISIONS  
AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Nestor, seconded by Mr. Miller, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
\_\_\_\_\_  
Acting Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 10th day of October, 1995.



Secretary, Chestnut Ridge Public Service  
District, Public Service Board.

10/09/95  
CHRJ.T2  
145820/94001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

October 13, 1995

Chestnut Ridge Public Service District  
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

THE BRYAN CENTRE  
P. O. BOX 570  
82 WEST WASHINGTON STREET, FOURTH FLOOR  
HAGERSTOWN, MARYLAND 21740-0570  
(301) 739-8600

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING  
P. O. BOX 150  
14TH AND CHARLIE STREETS  
WHEELING, W. VA. 26003-0020  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101  
P. O. BOX 628  
417 GRAND PARK DRIVE  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6463  
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

SEVENTH FLOOR, BANK ONE CENTER  
P. O. BOX 1588  
CHARLESTON, W. VA. 25320-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25401-5429  
(304) 263-6991  
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-1414  
FACSIMILE (304) 725-1913

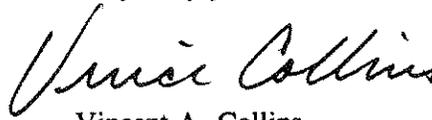
## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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 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

Enclosures

Copy of letter with enclosure to:

Samme L. Gee, Esquire

James H. Ware, Esquire

Jack W. Miller, Acting Chairman

10/13/95

8038.LTR

145820/94001

21

<b>1 Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name CHESTNUT RIDGE PUBLIC SERVICE DISTRICT		2 Issuer's employer identification number 55 : 0543763	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 386		Room/suite	4 Report number G19 95 - 1
5 City, town, or post office, state, and ZIP code Philippi, West Virginia 26416-0386		6 Date of issue 10/10/95	
7 Name of issue Water Revenue Bonds, Series 1995		8 CUSIP number None	

**Part II Type of Issue (check applicable box(es) and enter the issue price)**

9 <input type="checkbox"/> Education (attach schedule—see instructions)	9 \$
10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10
11 <input type="checkbox"/> Transportation	11
12 <input type="checkbox"/> Public safety	12
13 <input type="checkbox"/> Environment (including sewage bonds)	13
14 <input type="checkbox"/> Housing	14
15 <input checked="" type="checkbox"/> Utilities	15 \$185,000
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	16
17 If obligations are tax or other revenue anticipation bonds, check box ▶ <input type="checkbox"/>	
18 If obligations are in the form of a lease or installment sale, check box ▶ <input type="checkbox"/>	

**Part III Description of Obligations**

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity.	10/1/2033	6.75 %	12,766	12,766			
20 Entire issue			185,000	185,000	28.629 years	6.742 %	6.75 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter amount from line 20, column (c))	22	185,000
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	11,000
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to currently refund prior issues	26	-0-
27 Proceeds used to advance refund prior issues	27	-0-
28 Total (add lines 23 through 27)	28	11,000
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	174,000

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

30 Enter the remaining weighted average maturity of the bonds to be currently refunded	▶	N/A	years
31 Enter the remaining weighted average maturity of the bonds to be advance refunded	▶	N/A	years
32 Enter the last date on which the refunded bonds will be called	▶	N/A	
33 Enter the date(s) the refunded bonds were issued	▶		

**Part VI Miscellaneous**

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	-0-
35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(II) (small issuer exception)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b Enter the final maturity date of the guaranteed investment contract	▶	N/A
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the name of the issuer	▶	W. Va. Water Development Authority
and the date of the issue	▶	September 27, 1994
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	▶	
39 If the issuer has identified a hedge, check box <input type="checkbox"/>	▶	

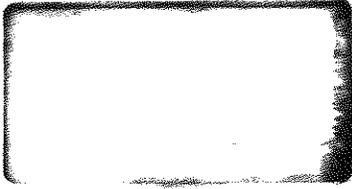
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Jack H. Miller  
Signature of issuer's authorized representative

10/10/95  
Date

Jack Miller  
Acting Chairman  
Type or print name and title



Z 782 192 536



**Receipt for Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to	
Internal Revenue Service	
Street and No	
Int. Rev. Serv. Center	
Philadelphia, PA 19255	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
10/13/95	

PS Form 3800, March 1993

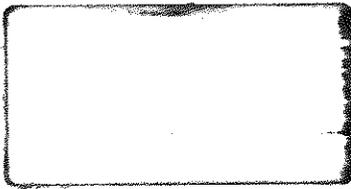


Fold at line over top of envelope to the right of the return address

**CERTIFIED**

Z 782 192 536

**MAIL**





WV MUNICIPAL BOND COMMISSION

812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: October 10, 1995

(See Reverse for Instructions)

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

ISSUE: Water Revenue Bonds, Series 1995 (WDA)

ADDRESS: P. O. Box 386, Philippi, WV 26416-0386

COUNTY: Barbour

PURPOSE New Money  X

OF ISSUE: Refunding  Refunds issue(s) dated: \_\_\_\_\_

ISSUE DATE: October 10, 1995

CLOSING DATE: October 10, 1995

ISSUE AMOUNT: \$ 185,000

RATE: 6.75%

1st DEBT SERVICE DUE: October 1, 1996

1st PRINCIPAL DUE: October 1, 1996

1st DEBT SERVICE AMOUNT: \$23,287.31

PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq.

Contact Person: Samme L. Gee, Esq.

Phone: 624-8161

Phone: 340-1318

CLOSING BANK: One Valley Bank

ESCROW TRUSTEE: \_\_\_\_\_

Contact Person: Charlotte Morgan

Contact Person: \_\_\_\_\_

Phone: 348-7239

Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT

OTHER: \_\_\_\_\_

Contact Person: Sharon Miller

Contact Person: \_\_\_\_\_

Position: Sec/Treas & Manager

Function: \_\_\_\_\_

Phone: 457-4935

Phone: \_\_\_\_\_

DEPOSITS TO MBC AT CLOSE:

By  Wire  
 Check

Accrued Interest: \$ \_\_\_\_\_

Capitalized Interest: \$ \_\_\_\_\_

Reserve Account: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By  Wire  
 Check  
 IGT

To Escrow Trustee: \$ \_\_\_\_\_

To Issuer: \$ \_\_\_\_\_

To Cons. Invest. Fund: \$ \_\_\_\_\_

To Other: \$ \_\_\_\_\_

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: \_\_\_\_\_

TRANSFERS

REQUIRED: \_\_\_\_\_

1

2

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

BANK ONE, WEST VIRGINIA, PHILIPPI, N.A., a national banking association in Philippi, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Chestnut Ridge Public Service District (the "Issuer"), adopted October 3, 1995, and a Supplemental Resolution of the Issuer adopted October 10, 1995 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated October 10, 1995 in the principal amount of \$185,000 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 10th day of October, 1995.

BANK ONE, WEST VIRGINIA,  
PHILIPPI, N.A.

  
Vice President

10/05/95  
CHRJ.P2  
145820/94001



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

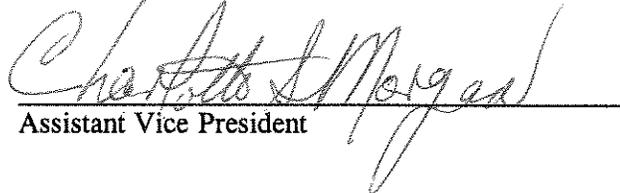
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS 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 Chestnut Ridge Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated October 10, 1995, in the principal amount of \$185,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 10th day of October, 1995.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

10/05/95  
CHRJ.Q2  
145820/94001



CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

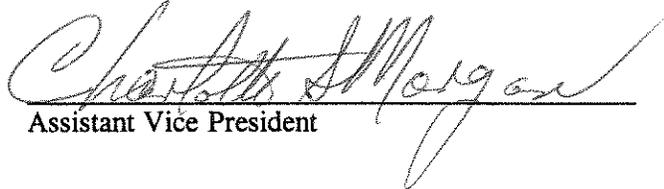
Water Revenue Bonds, Series 1995  
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Assistant Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of Chestnut Ridge Public Service District (the "Issuer"), hereby certify that on the day hereof, the single, fully registered Chestnut Ridge Public Service District Revenue Bond, Series 1995 (West Virginia Water Development Authority), of the Issuer, dated October 10, 1995, in the principal amount of \$185,000, numbered R-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 10th day of October, 1995.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

10/05/95  
CHRJ.R2  
145820/94001



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 10th day of October, 1995, by and between CHESTNUT RIDGE 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 \$185,000 Water Revenue Bonds, Series 1995A (West Virginia Water Development Authority), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted October 3, 1995, and a Supplemental Resolution of the Issuer adopted October 10, 1995 (collectively, the "Bond Legislation");

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 Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation 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 Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. 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 Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation 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 Bond Legislation 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: Chestnut Ridge Public Service District  
P. O. Box 386  
Philippi, West Virginia 26416  
Attention: Acting Chairman

REGISTRAR: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

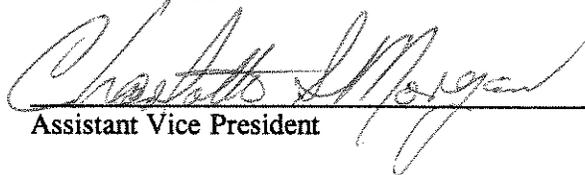
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, CHESTNUT RIDGE 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 written above.

CHESTNUT RIDGE PUBLIC SERVICE  
DISTRICT

  
\_\_\_\_\_  
Acting Chairman

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
\_\_\_\_\_  
Assistant Vice President

10/05/95  
CHRJ.S2  
145820/94001

EXHIBIT A

Bond Legislation included in transcript as Documents No. 1 and 2

SCHEDULE OF COMPENSATION





RECEIVED

DEC 2 1994

REGION VII  
PLANNING & DEVELOPMENT COUNCIL

STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

GASTON CAPERTON  
GOVERNOR

November 18, 1994

The Honorable Lowell England  
President  
Barbour County Commission  
Eight North Main Street  
Post Office Box 310  
Philippi, West Virginia 26416

Dear Commissioner England:

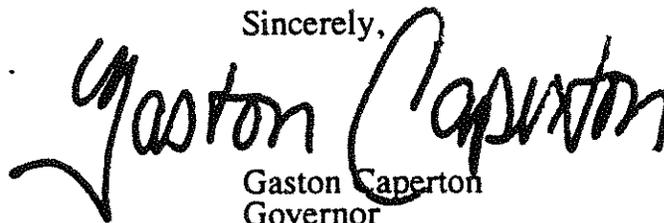
Thank you for your application to the Small Cities Block Grant program for fiscal year 1994.

I am pleased to approve your request in an amount not to exceed \$685,000. These funds will enable you to construct a water line extension in the Berryburg-Galloway, White Oak, and Moatsville areas of Barbour County. The expenditure of these funds will be subject to review and concurrence by the newly established Infrastructure and Jobs Development Council. Please be advised that cost necessary to obtain concurrence from the Infrastructure and Jobs Development Council after this date will be considered allowable project cost.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,



Gaston Caperton  
Governor

GC:bks

RECEIVED

MAR 8 1995

REGION VII  
PLANNING & DEVELOPMENT COUNCIL

## INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT, dated March 6, 1995 by and among the **BARBOUR COUNTY COMMISSION** (hereinafter referred to as the "**Commission**"), and the **CHESTNUT RIDGE PUBLIC SERVICE DISTRICT** (hereinafter referred to as the "**District**"), (hereinafter sometimes referred to jointly as "**Sponsors**").

WHEREAS, pursuant to the provisions of Article 23, Chapter 8; and Article 13A of Chapter 16 of the West Virginia Code, it has been undertaken by these public parties by this Intergovernmental Agreement to unite as the local sponsors in their desire to cooperate with each other on a basis of mutual advantage and consolidate and pursuant to forms of governmental organization, which will result in the most economic and expeditious construction and implementation of the Chestnut Ridge Public Service District Waterline Extension (hereinafter referred to as the "**Project**") consisting of 36,200 feet of waterline; one (1) booster pump station; one (1) Pressure Reducing Station; one (1) master meter and vault to serve approximately 86 new customers in the areas known as Berryburg, Moatsville and White Oak which is located within the designated boundaries of the District. Since the powers, privileges, authority and public works as aforesaid may be undertaken by either of the parties to this agreement acting alone, it is, therefore, recognized that pursuant to the provisions of these Chapters of West Virginia Code they may be exercised, enjoyed, engaged in or undertaken jointly by both of the parties hereto.

It is therefore, the intent of these public agencies, which are a part of this Agreement, to enter into a written agreement with one another for joint and cooperative action pursuant to the terms and conditions provided by law, and as hereinafter set forth.

**WITNESSETH:**

**THE PARTIES DO MUTUALLY COVENANT AND AGREE AS FOLLOWS:**

**WHEREAS:** The **Barbour County Commission** is the Grantee of a Small Cities Block Grant in the amount of **\$685,000.00**. These funds will be used to pay a portion of the engineering and related costs and a portion of the construction costs of the **Project**; and

**WHEREAS:** The **Project** will be funded in part by other sources; and

**WHEREAS:** The **Commission** and the **District** desire to enter into an Intergovernmental Agreement concerning the mutual cooperation between the parties regarding the construction of the **Project**.

- 1.** The **Commission** will develop and enable construction of the waterline extension project for portions of the **District**, according to the engineering plans which are now on file in its office. The **Commission** will provide partial funding for said **Project**. Project construction is estimated to be **twelve (12) months** or less.
- 2.** It is agreed that the **Region VII Planning & Development Council**, 4 West Main Street, Buckhannon, WV 26201, (hereinafter referred to as the "**Region**"), shall be hired by the **Commission** to administer all phases of the Small Cities Block Grant from the West Virginia Development Office on **Project # B-94-DC-54-0001** for construction of the **Project**.

3. The **Sponsors** will have an equal voice on all matters relating to this project and will make all policy decisions and when necessary a recorded vote will be taken and forwarded to the **Region**. Upon a tie of votes, legal council will be obtained to resolve any dispute.
  
4. All financial records and payments on Project # B-94-DC-54-0001 will be maintained and made by the **Commission** upon the joint approval of the following verification by the **Region** for compliance with all provisions of the terms of the grants, as well as compliance with all contracts and local governmental regulations.

All project payments made with Small Cities Block Grant funds shall be made following the execution of a **Commission** order. Once Small Cities Block Grant funds have been received from the Governor's West Virginia Development Office, the checks shall be made out for accounts payable by the **Region**, signed by the **Commission**, and delivered to the **District Office** for payment. Each request for SCBG funds shall be made by the **Commission**. All financial records shall be available for audit and inspection at any time during the construction of the project following proper notification of needs. At the conclusion of the project, following final inspection and acceptance of the project by the **Commission**, and the **Region**, a final audit report shall be available for public inspection or review.

5. It is recognized by both local sponsors that the West Virginia Development Office shall have the right to exercise proper administrative control over this project at all times, but in no way shall they alter plans and specifications once these plans have been approved and let to contract by the local sponsors of the project. Any incidence of non-compliance with the contract between the **Commission** and the **State of West Virginia** is grounds for issuing a temporary "stop order" on the **Project** by either party.

6. All ~~easements~~, rights of way, and property will be obtained in the name of the **Chestnut Ridge Public Service District**.

All required permits, authorizations and approvals shall become a part of this Agreement and incorporated herein by reference. It is further provide herein that all provisions incorporated in the Agreement by and between the **State of West Virginia** and the **Commission**, dated 18th day of November 1994, are incorporated herein by reference and the sponsors herein shall comply with all said provisions.

7. Upon the completion of the joint construction project, title thereto will be returned to the **District** for its administration, maintenance and operation. It shall thereafter be the **Districts'** obligation to obtain all of the necessary State approvals for the operations of the **Project**

8. This **Project** will be funded in the following manner from the following source:

Small Cities Block Grant (SCBG)	\$685,000.00 (FY '94)
Water Development Authority Loan (WDA)	<u>\$185,000.00</u> (FY '95)
Total	\$870,000.00

This Small Cities Block Grant was committed by the State of West Virginia in a letter dated 28th day of November 1994

9. The **Sponsors** recognize that it is the obligation of the **District** to furnish water services to all residents of the District where financially feasible. The **Project** will acquire water form the City of Philippi, in Barbour County, West Virginia.

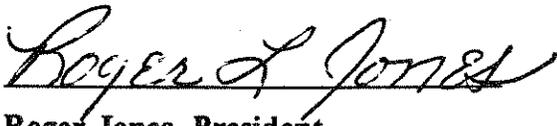
10. The **Commission** and the **District**, upon recommendation of the **Region**, shall execute professional services agreements for project engineering, legal appraisals, and other necessary professional aspects of the project as needed. The awarding and operation of any contract either professional or construction, will follow appropriate public notice in compliance with all Federal, State and Local regulations. Non-compliance will be grounds for immediate cancellation of any contract or service. Project employment will be subject to the selection made by the successful bidders on this project, provided compliance conditions are met.
11. Any change in the project scope following final engineering design approval by the sponsors, can only be made with the approval of the sponsors and the State of West Virginia. All change orders must be submitted to the sponsors for evaluation and recommendation. Minor change orders, Five Thousand Dollars (\$5,000.00) or less, may be approved by the **Region**, however, **Sponsors** must be notified of all such changes.
12. Upon completion, inspection and approval, any completed segment of this project shall be transferred to the **District** for their administration and operation. Upon release of any section of the project to the **District**, assumes full responsibility for that segment of the project, as provided for in Section 15 of this Agreement.
13. A project complaint center shall be maintained at the **District's** office for the duration of the construction of the **Project**. Complaint forms shall be provided to the **Sponsors** by the **Region**. The **Region** shall investigate all complaints with the least possible delay and provide the complainant a response within five (5) working days of filing the complaint.

14. A final inspection on all aspects of the project shall be made by the **District**, the **Commission**, the **Region**, other funding agents, and other interested parties. A project "Punch List" shall be prepared and responded to before there shall be final acceptance of the **Project**.
15. It is understood and agreed that the **District**, upon acceptance of the **Project**, shall be solely responsible and liable for all claims, demands, suits, losses, damages and injury (including death) to persons and property whatsoever that may result from or arise out of the construction or operation of the **Project**, neither the **Commission** nor the **Region**, or their successors or assigns shall have responsibility or liability therefore, and the **District** does hereby agree to hold and save harmless, indemnify and defend the **Commission** and **Region**, or their successors or assigns therefrom.
16. The Agreement executed herein shall be in effect for a period of **one (1) fiscal year**, subject to annual renewal for any additional period of time needed to complete all phases of the project, each annual renewal period shall be limited to one fiscal year, provided that, in addition to the right of non-renewal, either party hereto shall have the right to terminate this agreement on any twelve month anniversary on the date of this agreement by giving to the other party **30 days written notice** of such termination. If either party terminates this agreement, all completed and incomplete work under this agreement will become the property of the **District**, and disposition or completion will become the responsibility of said **District**.
17. The provisions of this Agreement are in addition to and not in derogation of any power and authority vested in these public bodies under any constitutional, statutory or other provisions which may not or hereafter be in effect.

18. This Agreement shall become effective upon approval hereon by the Attorney General of the State of West Virginia or upon his failure to approve the same within (30) days of this submission to him for review all pursuant to the provisions of Chapter 8, Article 23, Section 3, of said code.

The Parties herein agree that the agreement set out herein applies to, and ONLY to, the Small Cities Block Grant funds, and in no way affects any other funds of said **Project**, including but not limited to those funds provided by the WDA by loan.

IN WITNESS WHEREOF, the public agencies hereinbefore named as parties to this Agreement properly adopted by the governing bodies thereof, have approved this Agreement and direct their County Commission President and the Public Service District Chairman, to execute this agreement on their behalf and cause it to be filed and recorded in such manner as provided by law.



**Roger Jones, President**

**Barbour County Commission**



**Frank Peoples, Chairman**

**Chestnut Ridge Public Service District**

Approved as to form this \_\_\_\_\_ day

of \_\_\_\_\_, 1995.

---

**Attorney General**  
**State of West Virginia**









CHESTNUT RIDGE PUBLIC SERVICE DISTRICT, a public utility  
(Name of Utility)

OF

Chestnut Ridge, West Virginia  
(Location of Office)

Rates, Rules and Regulations for Furnishing

**WATER**

AT

Chestnut Ridge, Tacy, Nestorville, Arden and adjacent areas in  
Barbour County, West Virginia.

Public Service Commission  
on W.V. Tariff Office

NOV 12 1992

Special Studies Section  
RECEIVED

Filed with THE PUBLIC SERVICE COMMISSION  
OF  
WEST VIRGINIA

Issued October 13, 1992

Effective October 13, 1992

Issued by authority of an Order  
of the Public Service Commission  
of West Virginia in Case No. 92-0267-PWD-19A,  
dated October 13, 1992.

Issued by CHESTNUT RIDGE PUBLIC SERVICE DISTRICT  
(Name of Utility)

By *Rev. Frank Peoples*

Chairman

SCHEDULE NO. 1

Applicable in Chestnut Ridge and adjacent areas.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A) RATE

First	3,000 gallons used per month	\$4.88 per 1,000 gallons
Next	3,000 gallons used per month	\$4.60 per 1,000 gallons
Next	4,000 gallons used per month	\$4.32 per 1,000 gallons
Next	15,000 gallons used per month	\$3.82 per 1,000 gallons
All Over	25,000 gallons used per month	\$3.26 per 1,000 gallons

(A) MINIMUM CHARGE

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

5/8-inch meter	\$ 14.64 per month
3/4-inch meter	\$ 21.95 per month
1-inch meter	\$ 36.60 per month
1 x 1/2-inch meter	\$ 73.20 per month
2-inch meter	\$117.10 per month
3-inch meter	\$219.60 per month
4-inch meter	\$366.00 per month
6-inch meter	\$732.00 per month

DELAYED PAYMENT PENALTY

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

RECONNECTION FEE

Service shall not be restored until all amounts in arrears including penalties plus a reconnection fee of Twenty Dollars (\$20.00) have been paid.

CONNECTION FEE

\$250.00

(A) Indicates advance

SCHEDULE NO. 2

Applicable in Tacy, Nestorville, Arden, Moatsville, Kalamazoo and Clemtown areas.

(A) RATES

First	3,000 gallons used per month	\$ 5.55 per 1,000 gallons
Next	3,000 gallons used per month	5.27 per 1,000 gallons
Next	4,000 gallons used per month	4.93 per 1,000 gallons
Next	10,000 gallons used per month	4.60 per 1,000 gallons
All Over	20,000 gallons used per month	4.04 per 1,000 gallons

(A) MINIMUM CHARGE

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

5/8-inch meter	\$ 16.65 per month
3/4-inch meter	25.00 per month
1-inch meter	41.65 per month
1 x 1/2-inch meter	83.25 per month
2-inch meter	133.20 per month
3-inch meter	249.75 per month
4-inch meter	416.25 per month
6-inch meter	832.50 per month

DELAYED PAYMENT PENALTY

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

(A) RECONNECTION FEE

Service shall not be restored until all amounts in arrears, including penalties, plus a reconnection fee of Twenty Dollars (\$20.00) have been paid.

CONNECTION FEE

\$250.00

(A) Indicates advance



UNITED STATES  
DEPARTMENT OF  
AGRICULTURE

RURAL ECONOMIC  
AND COMMUNITY  
DEVELOPMENT

401 Davis Avenue  
Elkins, WV 26241-3848  
Phone: (304) 636-2158  
TTY/TDD: 1-800-982-8771  
FAX: (304) 636-5902

October 5, 1995

Steptoe & Johnson  
Attorneys at Law  
Post Office Box 2190  
Clarksburg, WV 26302-2190

COPY FOR YOUR RECORDS

Attn: Vincent Collins

Dear Mr. Collins:

Enclosed please find the consent agreement for Chestnut Ridge Public Service District. The Water Development Authority is granted a parity lien position provided the lender's revenue bond includes the following specific language: "The loan will be in default should any proceeds of the loan funds obtained as a result of this subordination (parity) be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity."

If you should have any questions regarding this matter, or if we can be of any assistance, please do not hesitate to contact our office.

Sincerely,

  
JENNY N. PHILLIPS  
Rural Development Manager

DDLipscomb:nmt

cc: Region VII PDC  
Attn: Joe Godwin  
4 West Main Street  
Buckhannon, WV 26201

RECD Rural Economic and Community Development is an Equal Opportunity Lender. Complaints of Discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250

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RURAL ECONOMIC AND COMMUNITY DEVELOPMENT  
FEDERAL BUILDING, ROOM 320  
75 HIGH STREET  
MORGANTOWN, WEST VIRGINIA 26505-75000

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT  
Water Revenue Bond  
Series 1995 (WDA)

TO WHOM IT MAY CONCERN:

Notwithstanding anything to the contrary which may be provided in the resolutions of Chestnut Ridge Public Service District (the "Issuer") adopted May 16, 1972, February 15, 1977 and June 16, 1988 (the "Prior Resolutions"), authorizing issuance of the Water Revenue Bonds, Series 1972, Series 1976 and Series 1988, of the Issuer, dated May 16, 1972, July 12, 1977 and September 8, 1988, respectively (collectively, the "Prior Bonds"), the undersigned State Director, for the United States of America, Rural Economic and Community Development, as sole present holder of the Prior Bonds, hereby consents to the issuance of the Issuer's Water Revenue Bonds, Series 1995, in the original aggregate principal amount of not more than \$200,000, on a parity basis with respect to liens, pledge and source of and security for payment, with the Prior Bonds, under the terms of the Bond Resolution authorizing such Series 1995 Bonds, and hereby waives any requirements imposed by the Prior Bonds or the Prior Resolutions regarding the issuance of parity bonds which are not met by the Series 1995 Bonds.

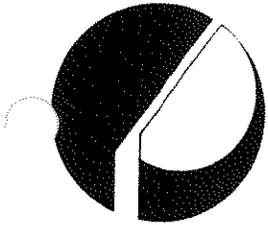
Dated this 28th day of September, 1995.

By



ROBERT D. LEWIS  
State Director





The City of Philippi

Donald B. Baughman, Mayor  
Joseph P. Mattaliano, City Manager

304/457-3700

Philippi, West Virginia 26416

108 N. Main Street

June 15, 1988

Chestnut Ridge Public Service District  
% Mr. John Mosesso  
Route 2 Box 156  
Philippi, WV 26416

Gentlemen:

This letter is written to notify you that the City of Philippi and Chestnut Ridge Public Service District are still operating under the original contract with the exception of increased rates, copy attached.

We do not plan to enforce the paragraph on maximum useage per month, and we can furnish the water needed for future expansion of your system.

Very truly yours,  
City of Philippi

*Joseph P. Mattaliano*  
Joseph P. Mattaliano  
City Manager

JPM/rlw

encl

38A



**Philippi  
Communications  
System**

108 N. Main Street, Philippi, WV 26416

457-3700

457-5167 after 4:30 pm

**CABLEVISION IS YOUR BEST BUY IN  
HOME ENTERTAINMENT**

- |             |     |   |
|-------------|-----|---|
| CABLE<br>CH | 2   | Pittsburgh CBS                          |
|             | 3   | WTBS Ch. 17 Atlanta, GA Ind.            |
|             | 4   | Pittsburgh ABC                          |
|             | 5   | Weston CBS                              |
|             | 6   | 24 Morgantown Educ.                     |
|             | 7   | Wheeling CBS                            |
|             | 8   | 46 Clarksburg Christian                 |
|             | 9   | Steubenville NBC                        |
|             | 10  | 22 Pittsburgh Ind.                      |
|             | 11  | Pittsburgh Ind.                         |
|             | 12  | WBOY Clarksburg NBC                     |
|             | 13  | CNN/News                                |
|             | 14  | WGN Chicago Ind.                        |
|             | 15  | USA Network                             |
|             | 16  | WOR New York Inc.                       |
|             | 17  | ESPN Entertainment & Sports             |
|             | 18  | Weather National & Local Weather        |
|             | *20 | HBO Home Box Office                     |
|             | *21 | Showtime                                |
|             | *22 | Disney Channel                          |
|             | 23  | A-E Arts & Entertainment                |
|             | 24  | Lifetime/Daytime Network                |
|             | 25  | MTV Music Television                    |
|             | 26  | PTL Praise the Lord                     |
|             | 27  | VH-1 Video Hits 1                       |
|             | 28  | C-Span Congressional TV                 |
|             | 29  | Nashville Country Music Television      |
|             | 30  | Nickelodeon Children's Television       |
|             | 31  | SPN Independent                         |
|             | 32  | WPGH                                    |
|             | 33  | WQED                                    |
|             | 36  | CBN Christian Broadcasting Net-<br>work |
|             | *   | Premium Channel                         |



**City of Philippi**

1987

- Electric Service Rate \*
- Water Service Schedule \*
- Sanitary Sewer Service \*
- Sanitation Rates \*

**Philippi Communications  
System  
Rates & Services**

**Philippi Communications System**

**TYPE OF SERVICE: RESIDENTIAL**

	Install	Chg.	Mo. Chg.
Primary Outlet Basic	N/C		9.00
Additional Basic	N/C		13.00

**PREMIUM SERVICES**

*First Premium	N/C		7.00
*Second Premium	N/C		7.00
*Third Premium	N/C		7.00

**PREMIUM SERVICES AVAILABLE:**

HBO, Showtime and Disney

Additional outlet	15.00	N/C
Relocate outlet	15.00	N/C
Non-payment reconnection, (plus payment in full of delinquent amount)	15.00	
Billing deposit as required	None	

5% state sales tax will be added to all charges

## ELECTRIC SERVICE RATE

### SCHEDULE "R"

#### AVAILABILITY

Available to consumers within the entire territory served by the City of Philippi, subject to the established Rules and Regulations for Electric Service.

#### APPLICABLE

Applicable to residential consumers for energy supplied through a single meter.

#### CHARACTER OF SERVICE

Single-phase, 60 cycles, at available secondary voltages.

#### MONTHLY RATE

Facilities Charge \$4.00 Net (\$4.40 gross)

First 250 kilowatt-hours per month  
\$.0595¢ Net (.0654¢ gross) per kWh  
Next 250 kilowatt-hours  
\$.0580¢ Net (.0609¢ gross) per kWh  
Over 500 kilowatt-hours  
\$.0520¢ Net (.0531¢ gross) per kWh

#### MINIMUM MONTHLY BILL

\$4.00 Net (\$4.40 gross) for each single residence

#### DISCOUNTS

The difference between the gross and net rates above specified shall constitute a discount for prompt payment if the bill is paid in full on or before the 20th day after that on which bill is rendered.

#### TERM

Not less than one year. Temporary service will be supplied under the provisions stated below or those in the general "Rules and Regulations."

#### RULES AND REGULATIONS

See "Rules and Regulations for Electric Service"

Where two or more residences located on one premises are supplied through a single meter, each shall be classed as a single residence. Residences which have been converted into two or more separate living quarters will be supplied with service

through separate meters; provided, however, that in instances where this is impracticable such residence may be supplied with service through a single meter and the contracting party will be billed under the schedule, with billing blocks increased in proportion to the number of living quarters served.

## WATER SERVICES SCHEDULE

#### APPLICABLE

Applicable in Philippi and vicinity, West Virginia.

#### AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service; to colleges; and to hospitals.

#### RATE

First 2,000 gallons used per month  
\$3.22 per 1000 gallons  
Next 3,000 gallons used per month  
\$2.45 per 1000 gallons  
Next 20,000 gallons used per month  
\$1.46 per 1000 gallons  
Over 25,000 gallons used per month  
\$1.02 per 1000 gallons

#### MINIMUM CHARGE

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

5/8	inch meter, or less	6.44 per month
3/4	inch meter	9.24 per month
1	inch meter	16.40 per month
1-1/4	inch meter	24.65 per month
1-1/2	inch meter	36.99 per month
2	inch meter	61.63 per month
3	inch meter	147.94 per month
4	inch meter	258.89 per month
6	inch meter	579.43 per month
	Colleges & Hospitals	802.22 per month

#### BOOSTER SERVICE

Customers to whom the furnishing of water service would require the use of booster pumps shall be billed at 125 percent of the above rates and charges.

## DELAYED PAYMENT PENALTY

The above schedule is gross. On all accounts, if paid in full within 20 days of date of bill, ten percent (10%) will be deducted from the gross amount shown.

## CUSTOMER DEPOSIT

Twenty five dollars (\$25.00)

## RECONNECTION CHARGE

When service is terminated to a customer for non-payment of bills, ten dollars (\$10.00) shall be charged for reconnection.

## SANITARY SEWER SERVICE

### SCHEDULE NO. 1

#### APPLICABILITY

Applicable inside and outside the corporate limits of the City of Philippi.

#### AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial service including sales of sewer service to other sewer utilities.

#### MINIMUM CHARGE

No bill will be rendered for less than \$6.40 per month.

#### METERED RATES

All consumption (based on water usage) \$3.20 per 1000 gallons per month.

## DELAYED PAYMENT PENALTY

The above tariff is gross. On all accounts paid in full within 20 days after date of billing, ten percent (10%) will be deducted from the gross amount shown.

## POLICE AND GARBAGE SERVICE

#### APPLICABLE

Applicable inside the corporate limits of the City of Philippi.

#### MONTHLY RATES

Police 2.75 gross Garbage 4.40 gross

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 2nd day of November,  
19 71, between the City of Philippi  
Philippi, West Virginia  
(Address)

hereinafter referred to as the "Seller" and the Chestnut Ridge Public Service District  
Route 2, Philippi, West Virginia  
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 16, Article 13A of the  
Code of West Virginia for the purpose of constructing and operating a water supply distribution  
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish  
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the  
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown  
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by motion ~~XXXXXXXXXX~~ enacted on the 2nd day  
of November, 19 71, by the Seller, the sale of water to the Purchaser in accordance  
with the provisions of the said motion was approved, and the execution of this contract

carrying out the said motion by the Mayor  
and attested by the ~~Secretary~~ City Clerk was duly authorized, and

Whereas, by motion of the Board of Directors  
of the Purchaser, enacted on the 2nd day of November, 19 71,

the purchase of water from the Seller in accordance with the terms set forth in the said motion  
was approved, and the execution of this contract by the chairman, and  
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of  
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the West  
Virginia Department of Health

in such quantity as may be required by the Purchaser not to exceed 1.5 million gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 150 pounds from an existing six inch main supply at a point located on

Walnut Street, Philippi, West Virginia

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the Six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on July 2. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

**B. The Purchaser Agrees:**

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 1.30 per thousand for the first 2,000 gallons, which amount shall also be the minimum rate per month.

b. \$ 1.00 per 1000 gallons for water in excess of 2,000 gallons but up to 5,000 gallons.

c. \$ .60 cents per 1000 gallons for water in excess of 5,000 gallons.

d. up to 25,000 gallons  
\$ .42 cents per 1,000 gallons for water in excess of 25,000.

The minimum charge will be in accordance with the seller's rates for the size meter installed.

WATER S. SUPPLY CO. INC. PHILIPPI, W. VA.

BY \_\_\_\_\_

PHILIPPI, W. VA.

DATE \_\_\_\_\_

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$0.00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and meter

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of forty years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That ten days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 500.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

DIRECTOR  
FARMERS HOME ADMINISTRATION  
WASHINGTON, D. C.

OFFICE OF BUSINESS

in witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three counterparts, each of which shall constitute an original.

Seller:

CITY OF PHILIPPI

By *C. E. O'Connell*

Title Mayor

Attest:

*Joseph P. Mattalino*  
Secretary

Purchaser:

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

By *Rev. Frank Hopkins*

Title Chairman

Attest:

*James P. Allison*  
Secretary

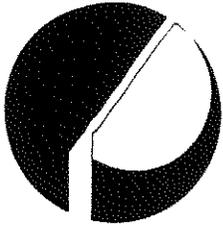
This contract is approved on behalf of the Farmers Home Administration this 3rd day of December

19 71.

*Robert Lambert*  
Title State Director

GPO 510-001

WATER PURCHASE AGREEMENT WITH CITY OF PHILIPPI



The City of Philippi

Donald B. Baughman, Mayor  
Joseph P. Mattaliano, City Manager

304/457-3700

Philippi, West Virginia 26416

108 N. Main Street

July 1, 1987

Mr. John Mosesso  
Attorney at Law  
PO Box 490  
Philippi, WV 26416

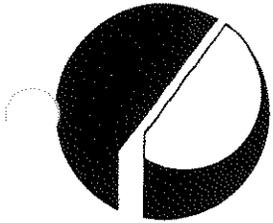
Dear Mr. Mosesso:

This letter is written to certify to you that the City of Philippi Water System is pumping and treating water at 25% capacity and that we feel we can meet the needs of Chestnut Ridge Public Service District in future years.

Sincerely,



Joseph P. Mattaliano  
City Manager



The City of Philippi

Donald B. Baughman, *Mayor*  
Joseph P. Mattaliano, *City Manager*  
Doris J. Mundy, *City Clerk*

T.D.D.: 911/457-5167

EOE/EEO

August 13, 1993

Fax. No.: 304/457-2703

Ms. Sharon Miller  
Chestnut Ridge PSD  
P. O. Box 389  
Philippi, WV 26416

Dear Sharon:

This is to notify you that under our contract dated November 2, 1971, and as modified and amended in 1991, the City of Philippi would be able to provide potable treated water to accommodate the 85 potential new customers for the proposed extension on Route 76.

Construction of the City of Philippi's water treatment plant was completed in 1992.

If you have any questions concerning this, please let me know.

Sincerely,  
City of Philippi

Joseph P. Mattaliano  
City Manager

JPM/kw

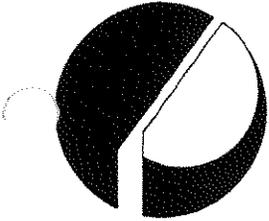
Chestnut Ridge Water/Ltr/Miller/Route 76

304/457-3700

Philippi, West Virginia 26416

P.O. Box 460

33B



81 323.61  
Minimum  
Rate -

Donald B. Baughman, Mayor  
Joseph P. Mattaliano, City Manager  
Doris J. Mundy, City Clerk

T.D.D.: 457-3700

EOE/EEO

## The City of Philippi

Fax No.: 304/457-2703

TO: Sharon Miller  
Chestnut Ridge PSD

FROM: Rebecca Walker

DATE: December 22, 1994

SUBJECT: Rates

Per our conversation, here is the rate we use to bill you for water.

The first 1,000 gallons is \$51.15 per 1,000 gallons  
Remaining gallons are billed at \$1.15 per 1,000.

The bill is corrected, showing 390,000 gallons used, at \$51.15 for the first 1,000 gallons and the remaining 389,000 at \$1.15 per 1,000 gallons or \$447.35 for a total of \$498.50. However, since the service was there only 26 days, not 30, I prorated it and came up with a net total of \$432.12.

If you have any questions, please feel free to call.

304/457-3700

Philippi, West Virginia 26416

P.O. Box 460

## 1991 MODIFICATION OF WATER PURCHASE CONTRACT

WHEREAS, on November 2, 1971, the City of Philippi (hereinafter the "Seller") and the Chestnut Ridge Public Service District (hereinafter the "Purchaser" or the "District") entered into a Water Purchase Contract; and

WHEREAS, Paragraph 5 of Section C of the November 2, 1971, Water Purchase Contract states, in pertinent part, that rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period and any increase or decrease in rates shall be based on a demonstrable increase or decrease in the Seller's costs of performance; and

WHEREAS, the Seller has demonstrated that its costs of performance, or operating costs, have increased; and

WHEREAS, Paragraph 1 of Section A of the November 2, 1971, Water Purchase Contract provides, in pertinent part, that the Seller agrees to furnish the Purchaser potable treated water in such quantity as may be required by the Purchaser not to exceed 1.5 million gallons per month; and

WHEREAS, the quantity of water per month required by the Purchaser has increased.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, the Purchaser and Seller agree that the rates to be paid by the Purchaser for water delivered shall be increased and the quantity of water per month required by the Purchaser shall be increased.

In this regard, the Purchaser and Seller agree that Paragraph 1 of Section A and Paragraph 1 of Section B of the November 2, 1971, Water Purchase Contract shall be modified and amended as set forth below in bold type:

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery specified in the November 2, 1971, Water Purchase Contract, during the term of the November 2, 1971, Water Purchase Contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the West Virginia Department of Health in such quantity as may be required by the Purchaser not to exceed 5,000,000 gallons per month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following charges:

a. \$50.00 per month plus

b. \$1.15 per 1,000 gallons of water used per month.

The minimum charge will be in accordance with the Seller's retail water service schedule in effect at the time of the sale.

The parties hereby acknowledge and agree that the modifications contained in this "1991 Modification of Water Purchase Contract" amend and supersede the language of Paragraph 1 of Section A and Paragraph 1 of Section B of the November 2, 1971, Water Purchase Contract and that the original Paragraph 1 of Section A and the original

Paragraph 1 of Section B of the November 2, 1971, Water Purchase Contract are null and void.

The parties further acknowledge and agree that all portions of the November 2, 1971, Water Purchase Contract other than those amended by this "1991 Modification to Water Purchase Contract" remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

SELLER

TOWN OF PHILIPPI

By Donald B. Baughman  
Title Mayer

ATTEST:

Joseph P. Mattaliano  
Joseph P. Mattaliano

PURCHASER:

CHESTNUT RIDGE PUBLIC SERVICE DISTRICT

By Rev. Frank Hooper  
Title Chairman

ATTEST:

Sharon M. Miller Secy

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