

**COWEN PUBLIC SERVICE DISTRICT**

**Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)**

**BOND TRANSCRIPT**

Table of Contents

**BASIC DOCUMENTS**

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

**OPINIONS OF COUNSEL**

- |   |  |
|---|--|
| 8 | Approving Opinion of Steptoe & Johnson, Bond Counsel |
| 9 | Opinion of Counsel to Issuer                         |

## **CERTIFICATES**

- 10 General Certificate of Issuer and Attorney
- 11 Certificate as to Arbitrage
- 12 Certificate of Engineer, with Schedule A Attached
- 13 Certificate of Certified Public Accountant

## **DOCUMENTS OF THE ISSUER**

- 14 County Commission Orders Relating to Creation of District and Affidavit of Publication
- 15 County Commission Orders Appointing Current Boardmembers
- 16 Oaths of Office of Current Boardmembers
- 17 Rules of Procedure of Board
- 18 Affidavit of Publication on Borrowing
- 19 Minutes of Current Year Organizational Meeting
- 20 Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution
- 21 IRS Information Return (Form 8038-G) and Letter of Transmittal
- 22 Municipal Bond Commission New Issue Report

## **MISCELLANEOUS DOCUMENTS**

- 23 Acceptance by One Valley Bank of Summersville, of Duties as Depository Bank
- 24 Acceptance by One Valley Bank, National Association, of Duties as Registrar

**MISCELLANEOUS DOCUMENTS (Continued)**

25	Certificate of Registration of Bonds
26	Registrar's Agreement
27	1968 Bond Resolution
28	1980 Bond Resolution
29	Consent to Issuance of Parity Bonds of FmHA
30	Evidence of EDA Grant
31	NPDES Permit Documentation

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**COWEN PUBLIC SERVICE DISTRICT**  
**COMBINED WATERWORKS AND SEWERAGE SYSTEM**  
**REVENUE BONDS,**  
**SERIES 1994**  
**(WEST VIRGINIA SRF PROGRAM)**  
**and**  
**INTERIM CONSTRUCTION FINANCING**

**BOND AND NOTES RESOLUTION**

**Table of Contents**

<b>Subject</b>	<b>Page</b>
<b>ARTICLE I</b>	
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>	
Section 1.01 Authority for this Resolution	1
Section 1.02 Findings	2
Section 1.03 Bond Legislation Constitutes Contract	4
Section 1.04 Definitions	4
<b>ARTICLE II</b>	
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>	
Section 2.01 Authorization of Acquisition and Construction of the Project	13
<b>ARTICLE III</b>	
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT</b>	
Section 3.01 Authorization of Bonds	14
Section 3.02 Terms of Bonds	14
Section 3.03 Execution of Bonds	15
Section 3.04 Authentication and Registration	15
Section 3.05 Negotiability, Transfer and Registration	15
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07 Bonds not to be Indebtedness of the Issuer	16

Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	16
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds FORM OF BOND	17 18
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12	"Amended Schedule A" Filing	26

**ARTICLE IV  
INTERIM CONSTRUCTION FINANCING**

Section 4.01	Authorization and General Terms	27
Section 4.02	Terms of and Security for Notes; Trust Indentur	27
Section 4.03	Notes are Special Obligations	27
Section 4.04	Letters of Credit	27

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

Section 5.01	Establishment of Funds and Accounts with Depository Bank	28
Section 5.02	Establishment of Funds and Accounts with Commission	28
Section 5.03	System Revenues; Flow of Funds	28

**ARTICLE VI  
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	33
Section 6.02	Disbursements From the Bond Construction Trust Fund	33

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer	35
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	35
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	35
Section 7.04	Initial Schedule of Rates and Charges	36
Section 7.05	Sale of the System	36

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	37
Section 7.07	Parity Bonds	38
Section 7.08	Books; Records and Facilities	40
Section 7.09	Rates	42
Section 7.10	Operating Budget; Audit and Monthly Financial Report	42
Section 7.11	Engineering Services and Operating Personnel	43
Section 7.12	No Competing Franchise	44
Section 7.13	Enforcement of Collections	44
Section 7.14	No Free Services	44
Section 7.15	Insurance and Construction Bonds	45
Section 7.16	Mandatory Connections	46
Section 7.17	Completion of Project; Permits and Orders	47
Section 7.18	Tax Covenants	47
Section 7.19	Statutory Mortgage Lien	48
Section 7.20	Compliance with Loan Agreement and Law	48

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

Section 8.01	Investments	49
Section 8.02	Arbitrage and Tax Exemption	49
Section 8.03	Tax Certificate and Rebate	50

**ARTICLE IX  
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	52
Section 9.02	Remedies	53
Section 9.03	Appointment of Receiver	53

**ARTICLE X  
DEFEASANCE**

Section 10.01	Defeasance of Bonds	55
Section 10.02	Defeasance of Notes	56

**ARTICLE XI  
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	57
Section 11.02	Bond Legislation Constitutes Contract	57
Section 11.03	Severability of Invalid Provisions	57

Section 11.04	Headings, Etc.	57
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	57
Section 11.06	Covenant of Due Procedure, Etc.	58
Section 11.07	Public Notice of Proposed Financing	58
Section 11.08	Effective Date	59
	<b>SIGNATURES</b>	<b>59</b>
	<b>CERTIFICATION</b>	<b>60</b>

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$268,500 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$250,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; 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 NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF COWEN 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 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B.      The Issuer presently owns and operates a public combined waterworks and sewerage 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 sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer, consisting of upgrading its sewerage treatment plant, replacing and renovating sections of the sewerage collection system to reduce inflow and infiltration, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes at an estimated cost of \$1,158,500, of which \$268,500 will be obtained from proceeds of sale of the Series 1994 Bonds and \$890,000 from a grant by the Economic Development Authority, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The existing public combined waterworks and sewerage facilities, the Project and any further additions or improvements thereto or extensions thereof are herein called the "System."

C.      The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1994 Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

D.      It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), in the total aggregate principal amount of not more than \$268,500, initially to be represented by a single bond (the "Series 1994 Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Series 1994 Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than \$250,000 to temporarily finance 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 Notes during the term thereof and upon the Series 1994 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1994 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 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 1994 Bonds and/or the Notes 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1994 Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The Issuer intends to permanently finance such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 1994 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on parity with the Series 1994 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original aggregate principal amount of \$260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original aggregate principal amount of \$150,000 (collectively, the "Prior Bonds").

The Issuer has met the parity requirements of the Prior Bonds and the Prior Resolutions (as hereinafter defined) or has obtained a sufficient and valid consent of the Holders of the Prior Bonds with respect thereto, and the Series 1994 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 grant anticipation notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such grant anticipation notes and proceeds of a letter of

credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such grant anticipation notes. The bond anticipation notes, if issued, will be payable from the proceeds of the Series 1994 Bonds, certain proceeds of such bond anticipation notes and the Net Revenues, if necessary, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such bond anticipation notes.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1994 Bonds as to liens, pledge and/or source of and security for payment.

I. 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 the issuance of the Series 1994 Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, 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 1994 Bonds or any of the Notes 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 1994 Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1994 Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note of a series and any other Note of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 20, Article 5I 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 1994 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" or "Bond and Notes Resolution" means this Bond and Notes Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

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

"Bond Year" means each one-year period (or shorter period from the date of issue of the Series 1994 Bonds) that ends at the close of business on October 1 of each calendar year, unless otherwise required under the Code.

"Bonds" means, collectively, the Series 1994 Bonds and any bonds on a parity therewith authorized to be issued hereunder, and includes the Prior Bonds, whether such Prior Bonds are specifically referred to or not, unless the context otherwise requires.

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

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"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.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1994 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 1994 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1994 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 1994 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 1994 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 Bonds.

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

"Notes" means, collectively, the not more than \$250,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

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

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

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital.

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

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Series 1994 Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Issuer's Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original aggregate principal amount of \$260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original aggregate principal amount of \$150,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted June 29, 1968, and May 23, 1980, authorizing the respective Prior Bonds.

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

"Project" means the acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer, consisting of upgrading its sewerage treatment plant, replacing and renovating sections of the sewerage collection system to reduce inflow and infiltration, together with all appurtenant facilities.

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

- (1) Government Obligations.
- (2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
  - (a) Export-Import Bank,
  - (b) Farmers Home Administration,
  - (c) General Services Administration,
  - (d) United States Maritime Administration,
  - (e) Small Business Administration,

(f) Government National Mortgage Association (GNMA),

(g) United States Department of Housing & Urban Development (PHA's),

(h) Federal Housing Administration.

(3) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAAM; or AAM;

(4) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1 or better by S&P and P-1 by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(5) Certificates of deposit, savings accounts, deposits accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;

(6) Investment agreements, including guaranteed investment contracts;

(7) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(8) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(10) Repurchase agreements, the maturity of which are 30 days or less, entered into with (1) a Qualified Bank or (2) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation ("SIPC"); such repurchase agreement must be

continuously and fully secured by first perfected security interests in obligations of the type described in clause (1) or (2) above which have a fair market value, exclusive of accrued interest, at least equal to 103% of the amount invested in the repurchase agreement and which are held by the Depository Bank or its agent or, in the case of book-entry securities, are registered in the name of the Depository Bank as pledgee and are free and clear of any adverse claims, must be valued weekly and marked-to-market at current market price, plus accrued interest, and must be a legal investment under the laws of the State; and

(11) State pooled investment funds.

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

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

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

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

"Series 1994 Bonds" means the not more than \$268,500 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer, authorized herein.

"Series 1994 Bonds Reserve Account" means the Series 1994 Bonds Reserve Account established in the Series 1994 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1994 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1994 Bonds in the then current or any succeeding year.

"Series 1994 Bonds Sinking Fund" means the Series 1994 Bonds Sinking Fund established by Section 5.02 hereof.

"SRF Program" means the State's Water Pollution Control Revolving Fund program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds from the State.

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

"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 any or all of the Notes or the sale of the Series 1994 Bonds, as the case may be; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Series 1994 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1994 Bonds (including, without limitation, the Prior Bonds) or any other obligations of the Issuer, including, without limitation, the Depreciation Reserve and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete public combined waterworks and sewerage system of the Issuer, including all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION  
OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$1,158,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Series 1994 Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

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

### 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 1994 Bonds, funding a reserve account for the Series 1994 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1994 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 1994 Bonds of the Issuer, in an aggregate principal amount of not more than \$268,500. The Series 1994 Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1994 Bonds shall be issued contemporaneously with or prior to issuance of the grant anticipation notes, if any. The proceeds of the Series 1994 Bonds remaining after funding of the Series 1994 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. The Series 1994 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly 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 or as specifically provided in the Loan Agreement. The Series 1994 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 1994 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 1994 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1994 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1994 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 1994 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 1994 Bonds shall cease to be such officer of the Issuer before the Series 1994 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 1994 Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1994 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 1994 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 1994 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 1994 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 1994 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such 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 1994 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 1994 Bonds Reserve Account. No holder or holders of the Series 1994 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 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 1994 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 1994 Bonds and to make the payments into the Series 1994 Bonds Sinking Fund, the Reserve Accounts and the Depreciation Reserve as hereinafter set forth are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 1994 Bonds as the same become due.

Section 3.09.      Delivery of Bonds. The Issuer shall execute and deliver the Series 1994 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1994 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 1994 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 1994 Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Series 1994 Bonds.

Section 3.10.      Form of Bonds. The text of the Series 1994 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COWEN PUBLIC SERVICE DISTRICT  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,  
SERIES 1994  
(WEST VIRGINIA SRF PROGRAM)

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

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

KNOW ALL MEN BY THESE PRESENTS: That COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster 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 (\$\_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on \_\_\_\_\_ 1, \_\_\_\_\_ 1, \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year. 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 by and

among the Issuer, the Authority and the West Virginia Division of Environmental Protection, 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 sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system 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 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on \_\_\_\_\_, 1994, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 1994 (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 A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWAGE SYSTEM REVENUE BOND, SERIES A, DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$260,000, AND THE ISSUER'S COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978, DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000 (COLLECTIVELY, 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 a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1994 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 1994 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, COWEN 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 1994 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: \_\_\_\_\_, 1994.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION,  
as Registrar

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



EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer 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 1994 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. Within 60 days following the Completion Date, 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

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Series 1994 Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$250,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

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

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1994 Bonds or the Net Revenues (if issued in the form of bond anticipation notes) or the Grant Receipts, the Surplus Revenues and letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or such supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$250,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01.      Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established (or continued if previously created and 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 from each other:

- (1) Revenue Fund (created and established by the Prior Resolutions);
- (2) Prior Bonds Reserve Account (created and established by the Prior Resolutions);
- (3) Depreciation Reserve (created and established by the Prior Resolutions);
- (4) Rebate Fund; and
- (5) Bond Construction Trust Fund.

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

- (1) Series 1994 Bonds Sinking Fund;
  - (a) Within the Series 1994 Bonds Sinking Fund, the Series 1994 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 the Prior Resolutions 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 provided herein and in the Prior Resolutions.

- (1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Prior Bonds the amounts required by the Prior Resolutions to pay principal of and interest on the Prior Bonds, (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 1994 Bonds for which interest has not been capitalized or as required in the Loan Agreement, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Series 1994 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iii) simultaneously with the transfers set forth in subsections 5.03A(2)(i) and (ii), on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1994 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Account, and (ii) simultaneously, with the transfer set forth in subsection 5.03A(3)(i), on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1994 Bonds, if not fully funded upon issuance of the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1994 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 1994 Bonds Reserve Requirement.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer from the

Revenue Fund and deposit in the Depreciation Reserve, 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 Depreciation Reserve 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 the Prior Resolutions and Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, emergency repairs, improvements or extensions to the System and as permitted under the Prior Resolutions; provided, that any deficiencies in the Prior Bonds Reserve Account and the Series 1994 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof] shall be promptly eliminated with moneys from the Depreciation Reserve.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds on a parity basis and pro rata, or for any lawful purpose.

If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds and accounts on such ensuing 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 Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

Moneys in the Series 1994 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1994 Bonds as the same shall become due. Moneys in the Series 1994 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1994 Bonds, as the same shall come due, when other moneys in the Series 1994 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 1994 Bonds Sinking Fund and the Series 1994 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 payments due on the Series 1994 Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1994 Bonds Reserve Account which result in a reduction in the balance of the Series 1994 Bonds Reserve Account to below the Series 1994 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments of principal of and interest on the Prior Bonds and all required payments to the Prior Bonds Reserve Account and the Series 1994 Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1994 Bonds Sinking Fund or into the Series 1994 Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1994 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 basis and pro rata, with respect to the Prior Bonds and the Series 1994 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1994 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1994 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 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, shall be used solely and only for, and are

hereby pledged for, the purpose of servicing the Series 1994 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 the first day is not a business day, then the first business day of each month) deposit with the Commission its required interest, principal and reserve payments, 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 and the Prior Resolutions. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its check to the Authority by the 5th day of such calendar month.

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 the Depository Bank's charges and the Paying Agent fees then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Prior Bonds Reserve Account, the Depreciation Reserve 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. The Gross Revenues of the System shall only be used for purposes of the System.

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

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1994 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1994 Bonds, there shall first be deposited with the Commission in the Series 1994 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1994 Bonds for the period commencing on the date of issuance of the Series 1994 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1994 Bonds, there shall be deposited with the Commission in the Series 1994 Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1994 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1994 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining advances of moneys derived from the sale of the Series 1994 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 1994 Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority and the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1994 Bonds will be

expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Unless the Authority and the DEP agree otherwise, payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) 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.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Series 1994 Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1994 Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1994 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 said Net Revenues in favor of the Holders of the Prior Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1994 Bonds and to make the payments into the Series 1994 Bonds Sinking Fund, the Reserve Accounts, and all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Prior Bonds and the Series 1994 Bonds as the same become due, and for the other purposes provided in the Bond Legislation and the Prior Resolutions.

Section 7.04.      Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered September 28, 1993 (Case No. 93-0591-PSD-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, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the DEP.

Additionally, so long as the Series 1994 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 Series 1994 Bonds, including the Prior Bonds, and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1994 Bonds, immediately be remitted to the Commission for deposit in the Series 1994 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 1994 Bonds. Any balance remaining after the payment of all the Series 1994 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution and/or the Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve. 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 holders of the Prior Bonds and the Authority, be applied only to the purchase of the Prior Bonds and the Series 1994 Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Application of such proceeds as provided above shall not reduce the amounts required to be paid into the funds and accounts set forth in other provisions of this Bond Legislation and the Prior Resolutions. 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, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture (if an Indenture is used) and the Bond Legislation; and, so long as the Series 1994 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of 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 1994 Bonds. All obligations issued by the Issuer after the issuance of the Series 1994 Bonds and payable from any or all of the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1994 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1994 Bonds Sinking Fund, the Reserve Accounts and the Depreciation Reserve at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1994 Bonds, and the interest

thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1994 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07.      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 any or all of the revenues of the System, shall be issued after the issuance of the Series 1994 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 1994 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 1994 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, so long as any of the Prior Bonds are Outstanding, not be less than 150%, and thereafter, 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, including, without limitation, the Prior Bonds;
- (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.

The Issuer covenants that not later than one day following the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

The term "Parity Bonds" as used in this section shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Resolutions, payable from the Net Revenues of the System on a parity with the Bonds, and 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 and the Prior Resolutions. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to

the prior and superior liens of the 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 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 and the Prior Resolutions with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Resolutions, 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 and the Prior Resolutions.

The Issuer may issue additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

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 and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Consulting Engineers, the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1994 Bonds, and shall mail in each year to any Holder or Holders of the Series 1994 Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

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

(C) The amount of the Prior Bonds, the 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 1994 Bonds or Notes, as the case may be, and shall submit said report to the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1994 Bonds. Such audit report submitted to the Authority and the DEP 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 operation and maintenance expenses and debt service requirements.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall

also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09.      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 and under the Prior Resolutions. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 150% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Prior Bonds are no longer Outstanding and an amount equal to or in excess of the Series 1994 Bonds Reserve Requirement is on deposit in the Series 1994 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1994 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 1994 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 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. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10%

of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, 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 Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 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 B, 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 shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP 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 shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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, then 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 Series 1994 Bonds or any of the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Reserve and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein or in the Prior Resolutions. 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 System facilities are or will be located in designated special flood or mudslideprone 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 require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

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; provided that, the amounts and terms of such coverage are satisfactory to the Authority and the DEP. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or

occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission 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 1994 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 1994 Bonds during the term thereof is, under the terms of the Series 1994 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 1994 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 1994 Bonds during the term thereof is, under the terms of the Series 1994 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 1994 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 1994 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 1994 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 1994 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 1994 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 1994 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 1994 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 1994 Bonds and such statutory mortgage lien 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. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the Series 1994 Bonds 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 Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, 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 1994 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 1994 Bonds which would cause the Series 1994 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 1994 Bonds) so that the interest on the Series 1994 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 1994 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1994 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 or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of

independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1994 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 1994 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. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1994 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1994 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 1994 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1994 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 pursuant to the events set forth in the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1994 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note or a Bond Anticipation Note evidencing a line of credit 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 or Bond Anticipation Notes or Bond Anticipation Note evidencing such line of credit any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this

Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Prior Bonds and 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 Holder of the Series 1994 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1994 Bonds, 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 1994 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 1994 Bonds from gross income for federal income tax purposes.

Series 1994 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 1994 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 1994 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 1994 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 1994 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02.     Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Notes or the Series 1994 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or the Series 1994 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1994 Bonds and the Notes, if any, 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 1994 Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, the Indenture, if any, the Series 1994 Bonds or the Notes, if any.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. 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 Cowen Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Series 1994 Bonds and the Notes to be issued;

(b) The respective maximum interest rates and terms of the Series 1994 Bonds and the Notes originally authorized hereby;

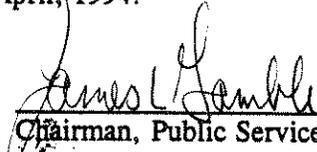
(c) The public service properties to be acquired or constructed and the cost of the same;

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

(e) The date that the formal application for a Certificate of 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 4th day of April, 1994.

  
Chairman, Public Service Board

  
Member, Public Service Board

  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of COWEN PUBLIC SERVICE DISTRICT on the 4th day of April, 1994.

Dated: April 6, 1994.

[SEAL]

Virginia Fletcher  
Secretary, Public Service Board

03/16/94  
CWNC.A4  
19304/93001

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), OF COWEN PUBLIC SERVICE DISTRICT; RATIFYING 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 Cowen Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective April 4, 1994 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$268,500 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$250,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY

COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; 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 NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond and Notes Resolution;

WHEREAS, the Bond and Notes Resolution provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1994 Bonds"), in an aggregate principal amount not to exceed \$268,500, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated February 23, 1994 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, 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 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  
COWEN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond and Notes Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$268,500. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2014, and shall bear interest at the rate of 3% per annum. Both principal and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1995. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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, and shall be payable in installments of principal and interest in the amounts as set forth in "Schedule Y," attached thereto and to the Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby ratify, 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 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 DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

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 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 One Valley Bank of Summersville, Summersville, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1994 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1994 Bonds Sinking Fund as capitalized interest.

Section 8. Series 1994 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1994 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes 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 April 6, 1994.

Section 11. 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 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond and Notes Resolution held by the Depository Bank in repurchase agreements or 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 or time accounts, until further directed by the Issuer. Moneys in the Series 1994 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

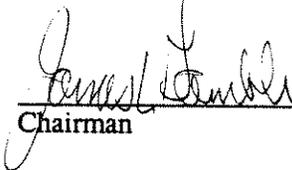
Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, 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 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of April, 1994.

COWEN PUBLIC SERVICE DISTRICT

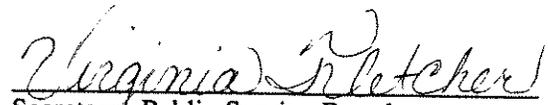
  
\_\_\_\_\_  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of COWEN PUBLIC SERVICE DISTRICT on the 4th day of April, 1994.

Dated: April 6, 1994.

[SEAL]

  
Secretary, Public Service Board

03/16/94  
CWNC.H2  
19304/93001

LOAN AGREEMENT

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

Cowen Public Service District  
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

### ARTICLE III

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

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

(a) The Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountants for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the

Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

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

## ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds is funded (whether by Local Bond proceeds, monthly deposits or otherwise) the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by

a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Local Government will not render any free services of the System;

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

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

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

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC,

prospective users of the System shall be required to connect thereto;

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

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

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is

sufficient to pay the costs of acquisition and construction of the Project; and

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

#### ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Local Government

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

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

## ARTICLE VII

### Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Cowen Public Service District

[Proper Name of Local Government]

(SEAL)

By: James Temple  
Its: Chairman

Attest:

Virginia G. Fletcher  
Its Secretary

Date: 2/17/94

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Walter A. Scott  
Its: Chief, Office of Water Resources

Date: 2-23-94

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yorks  
Its: Director

Attest:

Barbara B. Meadows  
Secretary-Treasurer

Date: 2/22/94

APPROVED AS TO FORM PRIOR TO  
ACKNOWLEDGEMENT THEREOF, THIS  
25<sup>th</sup> day of August, 19 92.

BY: Dawn E. Wayfield  
Attorney General  
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance  
for  
Publicly Owned Treatment Works

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

- a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.
- b. Utilized the services of \_\_\_\_\_,  
our prime engineer who either:
  - \_\_\_\_\_ Supervised our project construction; and/or
  - \_\_\_\_\_ Provided architectural and engineering services during construction.

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

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

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

- a. The specifications for which the project was planned, designed, and built.
- b. The effluent limitations contained in its NPDES permit, if applicable.

\_\_\_\_\_  
Local Government Name

\_\_\_\_\_  
Local Government Representative's Name and Title

\_\_\_\_\_  
Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - \_\_\_\_\_

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

	<u>CURRENT</u>	<u>YEAR TO</u>	<u>BUDGET YEAR</u>	
<u>ITEM</u>	<u>MONTH</u>	<u>DATE</u>	<u>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. SRF Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

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

[Name of Local Government]

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

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

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

\_\_\_\_\_

By \_\_\_\_\_

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

[SEAL]

EXHIBIT E

[Special Conditions]

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

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$ \_\_\_\_\_

Principal \$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

Reserve Fund: \$ \_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Local Government]

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

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

We are bond counsel to \_\_\_\_\_  
(the "Local Government"), a \_\_\_\_\_.

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

<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 Local Government on \_\_\_\_\_ (the "Local

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 268,500
Purchase Price of Bonds	\$ 268,500

Interest on the Bonds shall be zero percent from the date of delivery to and including November 30, 1994. Principal and interest on the Bonds is payable quarterly, commencing March 1, 1995, at a rate of 3% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has ~~no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds~~ or [provide list of outstanding debt]. \*

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

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

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

\*Farmers Home Administration Loans - \$260,000 issued July 1, 1968, and outstanding in the amount of \$139,572 at June 30, 1993; and \$150,000 issued July 10, 1986, and outstanding in the amount of \$127,821 at June 30, 1993.

SCHEDULE Y

Cowen PSD Bond issue, Series 1994				
DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1994	-	-	-	-
3/01/1995	2,462.00	3.00000%	2,013.75	4,475.75
6/01/1995	2,480.00	3.00000%	1,995.29	4,475.29
9/01/1995	2,499.00	3.00000%	1,976.69	4,475.69
12/01/1995	2,517.00	3.00000%	1,957.94	4,474.94
3/01/1996	2,536.00	3.00000%	1,939.07	4,475.07
6/01/1996	2,555.00	3.00000%	1,920.05	4,475.05
9/01/1996	2,575.00	3.00000%	1,900.88	4,475.88
12/01/1996	2,594.00	3.00000%	1,881.57	4,475.57
3/01/1997	2,613.00	3.00000%	1,862.12	4,475.12
6/01/1997	2,633.00	3.00000%	1,842.52	4,475.52
9/01/1997	2,653.00	3.00000%	1,822.77	4,475.77
12/01/1997	2,673.00	3.00000%	1,802.87	4,475.87
3/01/1998	2,693.00	3.00000%	1,782.83	4,475.83
6/01/1998	2,713.00	3.00000%	1,762.63	4,475.63
9/01/1998	2,733.00	3.00000%	1,742.28	4,475.28
12/01/1998	2,754.00	3.00000%	1,721.78	4,475.78
3/01/1999	2,774.00	3.00000%	1,701.13	4,475.13
6/01/1999	2,795.00	3.00000%	1,680.32	4,475.32
9/01/1999	2,816.00	3.00000%	1,659.36	4,475.36
12/01/1999	2,837.00	3.00000%	1,638.24	4,475.24
3/01/2000	2,858.00	3.00000%	1,616.96	4,474.96
6/01/2000	2,880.00	3.00000%	1,595.53	4,475.53
9/01/2000	2,901.00	3.00000%	1,573.93	4,474.93
12/01/2000	2,923.00	3.00000%	1,552.17	4,475.17
3/01/2001	2,945.00	3.00000%	1,530.25	4,475.25
6/01/2001	2,967.00	3.00000%	1,508.16	4,475.16
9/01/2001	2,990.00	3.00000%	1,485.91	4,475.91
12/01/2001	3,012.00	3.00000%	1,463.48	4,475.48
3/01/2002	3,035.00	3.00000%	1,440.89	4,475.89
6/01/2002	3,057.00	3.00000%	1,418.13	4,475.13
9/01/2002	3,080.00	3.00000%	1,395.20	4,475.20
12/01/2002	3,103.00	3.00000%	1,372.10	4,475.10
3/01/2003	3,127.00	3.00000%	1,348.83	4,475.83
6/01/2003	3,150.00	3.00000%	1,325.38	4,475.38
9/01/2003	3,174.00	3.00000%	1,301.75	4,475.75
12/01/2003	3,197.00	3.00000%	1,277.95	4,474.95
3/01/2004	3,221.00	3.00000%	1,253.97	4,474.97
6/01/2004	3,246.00	3.00000%	1,229.81	4,475.81
9/01/2004	3,270.00	3.00000%	1,205.47	4,475.47
12/01/2004	3,294.00	3.00000%	1,180.94	4,474.94
3/01/2005	3,319.00	3.00000%	1,156.24	4,475.24
6/01/2005	3,344.00	3.00000%	1,131.35	4,475.35
9/01/2005	3,369.00	3.00000%	1,106.27	4,475.27
12/01/2005	3,394.00	3.00000%	1,081.00	4,475.00
3/01/2006	3,420.00	3.00000%	1,055.54	4,475.54
6/01/2006	3,446.00	3.00000%	1,029.89	4,475.89
9/01/2006	3,471.00	3.00000%	1,004.05	4,475.05
12/01/2006	3,497.00	3.00000%	978.02	4,475.02
3/01/2007	3,524.00	3.00000%	951.79	4,475.79
6/01/2007	3,550.00	3.00000%	925.36	4,475.36

Cowen PSD  
Bond issue, Series 1994

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2007	3,577.00	3.00000%	898.73	4,475.73
12/01/2007	3,604.00	3.00000%	871.91	4,475.91
3/01/2008	3,631.00	3.00000%	844.88	4,475.88
6/01/2008	3,658.00	3.00000%	817.64	4,475.64
9/01/2008	3,685.00	3.00000%	790.21	4,475.21
12/01/2008	3,713.00	3.00000%	762.57	4,475.57
3/01/2009	3,741.00	3.00000%	734.72	4,475.72
6/01/2009	3,769.00	3.00000%	706.67	4,475.67
9/01/2009	3,797.00	3.00000%	678.40	4,475.40
12/01/2009	3,826.00	3.00000%	649.92	4,475.92
3/01/2010	3,854.00	3.00000%	621.23	4,475.23
6/01/2010	3,883.00	3.00000%	592.32	4,475.32
9/01/2010	3,912.00	3.00000%	563.20	4,475.20
12/01/2010	3,942.00	3.00000%	533.86	4,475.86
3/01/2011	3,971.00	3.00000%	504.29	4,475.29
6/01/2011	4,001.00	3.00000%	474.51	4,475.51
9/01/2011	4,031.00	3.00000%	444.50	4,475.50
12/01/2011	4,061.00	3.00000%	414.27	4,475.27
3/01/2012	4,092.00	3.00000%	383.81	4,475.81
6/01/2012	4,122.00	3.00000%	353.12	4,475.12
9/01/2012	4,153.00	3.00000%	322.21	4,475.21
12/01/2012	4,184.00	3.00000%	291.06	4,475.06
3/01/2013	4,216.00	3.00000%	259.68	4,475.68
6/01/2013	4,247.00	3.00000%	228.06	4,475.06
9/01/2013	4,279.00	3.00000%	196.21	4,475.21
12/01/2013	4,311.00	3.00000%	164.12	4,475.12
3/01/2014	4,344.00	3.00000%	131.78	4,475.78
6/01/2014	4,376.00	3.00000%	99.20	4,475.20
9/01/2014	4,409.00	3.00000%	66.38	4,475.38
12/01/2014	4,442.00	3.00000%	33.32	4,475.32
<b>TOTAL</b>	<b>268,500.00</b>	<b>-</b>	<b>89,533.19</b>	<b>358,033.19</b>

YIELD STATISTICS

Accrued Interest from 12/01/1994 to 12/01/1994...	-
Average Life.....	11.115 YEARS
Bond Years.....	2,984.44
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112521%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112521%



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 28th day of September, 1993.

CASE NO. 93-0591-PSD-CN

COWEN PUBLIC SERVICE DISTRICT,  
a public utility, Webster County.

Application for a certificate of convenience and necessity to upgrade its sewage treatment and collection system at Cowen, Webster County, and for approval of financing and rates and charges incidental thereto.

COMMISSION ORDER

PROCEDURE

On August 17, 1993, Cowen Public Service District (District), a public utility, Cowen, Webster County, filed an application, duly verified, for a certificate of convenience and necessity to (1) upgrade sewage treatment plant and (2) replace and/or renovate sections of the sewage collection system to reduce inflow and infiltration and requesting approval of financing and increases in rates and charges.

By order entered on August 18, 1993, the Commission directed the District to give notice of the filing of said application by publishing a copy of the order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Webster County, making due return to the Commission of proper certification of publication. The notice of filing provided that, if no protest to the application were received within thirty (30) days, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application.

On September 14, 1993, Staff Attorney Cassius H. Toon, Esquire, filed an Initial and Final Joint Staff Memorandum in this proceeding. Attached to the Initial and Final Joint Staff Memorandum were an Initial and Final Staff Internal Memorandum dated September 1, 1993, from William A. Nelson, Utility Financial Analyst, Public Service District Division and a Final Staff Internal Memorandum dated September 10, 1993, from Joseph A. Marakovits, Utility Engineer, Public Service District Division. Attached to the Public Service District Division's Memoranda were supporting documents prepared by Commission Staff. Together, these memoranda and attachments comprise Commission Staff's final recommendation in this proceeding.

Staff points out that the District system is plagued by an extreme amount of infiltration and inflow which the treatment plant and collection system are incapable of handling and that the need for the

upgrading of the existing treatment plant and collection system has been adequately documented by the project engineering firm, Pentree.

The project consists of two phases as follows:

Phase I: Install a new rotor on the existing oxidation ditch; reconstruct approximately 2,850 LF of existing interceptor and collectors; construct two new secondary clarifiers; construct a new chemical building; construct a belt filter press facility; convert an existing drying bed to chlorine contact basins; convert the existing clarifier to an aerobic digester and video approximately 25,000 LF of sewer lines for analysis.

Phase II: Based on findings of video study, replace/renovate the existing collection/interceptor system and upgrade the existing pump station.

The plans and specifications have been prepared and submitted only for the rotor replacement in Phase I. These plans and specifications were approved by the West Virginia Division of Environmental Protection (DEP) on August 19, 1993. This part of the project has already been bid and bidding for the rest of the project is scheduled for November 1993. The District has chosen to proceed with only part of its project in order to secure an EDA grant.

The costs are estimated as follows:

Construction	\$ 778,000
Engineering	211,687
Land & Right-of-Way	10,000
Legal & Administrative	48,600
Accounting & Audit	5,000
Bond Counsel	8,000
Interim Financing	18,000
Capitalized Interest	24,000
Contingencies	55,213
Total Project Cost	\$ 1,158,500

The District proposes to finance the project through an Economic Development Administration (EDA) Grant of \$890,000 and a State Revolving Fund (SRF) loan of \$268,500. The SRF loan is scheduled for repayment over a twenty year period at an interest rate of 3%. The resulting annual debt requirement will be approximately \$18,049 and the establishment of a 10% debt reserve equaling \$1,805. The District will also fund a renewal and replacement reserve in the annual amount of \$6,406.

In addition to the permanent funding, the District has arranged for interim financing which will be utilized during the construction period. The One Valley Bank of Summersville has approved a line of credit in the amount of \$250,000 accruing at an interest rate not to exceed 7%. Any funds drawn on this line of credit will be repaid with permanent project funding.

The District's going level annual operation and maintenance expense of \$83,326 will not be adjusted as a result of the upgradings. According to the Staff engineer, this level is reasonable since the project entails replacing existing lines and equipment rather than adding new customers to the system. The District is, however, proposing a rate increase of 23.3% to cover the increased debt service and reserve expenses.

Staff recommends that the application for a certificate of convenience and necessity, the financing associated therewith and the rates and charges as set forth in the Staff Recommended Tariff be approved, subject to the following conditions; provided that the District obtain final approval of the remaining project plans and specifications by the DEP and Commission Staff and further provided that, in the event actual bids exceed the estimated costs of the project, the District obtain further Commission approval of any necessary financial and/or engineering revisions.

On September 15, 1993, the District filed an affidavit of publication demonstrating that the notice of filing required by the Commission Order of August 18, 1993, had been properly published on August 25, 1993. No protests, objections or requests for hearing have been filed in this matter.

#### FINDINGS OF FACT

1. The Cowen Public Service District, a public utility, Cowen, Webster County, filed an application, duly verified, for a certificate of convenience and necessity to (1) upgrade sewage treatment plant and (2) replace and/or renovate sections of the sewage collection system to reduce inflow and infiltration and requesting approval of financing and increases in rates and charges. (Application filed August 17, 1993).

2. The notice of filing, published August 25, 1993, in the Webster Echo, provided that, if no protests to the application were received within thirty (30) days, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. (Affidavit of Publication, filed August 25, 1993; Notice of Filing Order, entered August 18, 1993).

3. No protests to the application were received by the Commission (Commission's file).

4. Commission Staff has recommended approving the total project cost estimated at \$1,158,500, to be funded by an EDA Grant of \$890,000 and a SRF loan of \$268,500; and interim financing in the amount of \$250,000 by an approved line of credit at the One Valley Bank of Summersville.

5. Staff has opined that the District's going level annual operation and maintenance expense will not be increased as a result of the upgradings and that the rates and charges contained in the Staff Recommended Tariff are sufficient to cover the increased debt service and reserve expenses. (Initial and Final Joint Staff Memorandum, with attachments, filed September 14, 1993).

6. Staff has opined that all estimated project costs are reasonable, and that public convenience and necessity require the proposed project. (Initial and Final Joint Staff Memorandum, with attachments, filed September 14, 1993).

7. Staff has recommended that the application for a certificate of convenience and necessity be granted provided that the District obtain final approval of the remaining project plans and specifications by the DEP and Commission Staff and further provided that, in the event actual bids exceed the estimated costs of the project, the District obtain further Commission approval of any necessary financial and/or engineering revisions. (Initial and Final Joint Staff Memorandum, with attachments, filed September 14, 1993).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project is economically feasible.
3. For all the reasons set forth in Findings of Fact No. 4, it is reasonable to approve the financing for the project.
4. For all the reasons set forth in Findings of Facts Nos. 3, 5, 6, and 7, it is reasonable to grant the application contingent upon the conditions recommended by Staff.

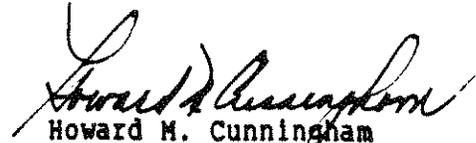
#### ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on August 17, 1993, by the Cowen Public Service District, for a certificate of convenience and necessity to upgrade its sewage treatment and collection system, for approval of the financing associated therewith and the increase and rates and charges for providing sewer service, be, and it hereby is, granted, subject to the following terms and conditions:

- 1) The District obtain final approval of the remaining project plans and specifications by the DEP and Commission Staff.
- 2) The total project cost shall not exceed \$1,158,500.
- 3) Financing for the project is hereby approved, to be funded by \$890,000 EDA grant; SRF loan not to exceed \$268,500; and interim financing not to exceed \$250,000 from the One Valley Bank of Summersville.

- 4) That the rates and charges set forth in the Staff Recommended Tariff be approved and the District file an appropriate tariff with the Executive Secretary of the Commission.

A True Copy, Teste:

  
Howard M. Cunningham  
Executive Secretary

INITIAL AND FINAL JOINT STAFF MEMORANDUM

RECEIVED  
93 SEP 14 PM 2:02  
VA PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

TO: HOWARD M. CUNNINGHAM                      DATE: Sept 14 1993  
Executive Secretary

FROM: CASSIUS H. TOON  
Staff Attorney

SUBJECT: CASE NO. 93-0591-PSD-CN  
COWEN PUBLIC SERVICE DISTRICT

This is an application for a certificate of convenience and necessity to upgrade a sewage collection and treatment system. As indicated in the attached Initial and Final Staff Internal Memorandum from William A. Nelson, Utility Financial Analyst, Public Service District Division, and Final Staff Internal Memorandum from Joseph A. Marakovits, Utility Engineer, Public Service District Division, Staff recommends approval contingent upon no protest being received. Staff further recommends the Commission retain this case because of time constraints.

CHT/cbd  
Attachment

REH  
ALS



Handwritten initials 'CHT' and a signature 'ALS/pla' over a horizontal line.

TXTCGRAL/930591

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

INITIAL AND FINAL STAFF INTERNAL MEMORANDUM

RECEIVED  
 03 SEP - 3 AM 9:23  
 PUBLIC SERVICE COMM.  
 LEGAL DIVISION

DATE: September 1, 1993  
 TO: Cass Toon, Staff Attorney  
 Legal Division  
 FROM: William A. Nelson, Utility Financial Analyst  
 Public Service District Division  
 RE: Case No. 93-0591-PSD-CN  
 Cowen Public Service District

On August 17, 1993, the Cowen Public Service District submitted an application for a certificate of convenience and necessity to perform a number of upgradings to its sewage collection and treatment system. Specifically, the District proposes to replace approximately 2,850 lineal feet of existing sewage collector and interceptor lines, install a new case rotor on the oxidation ditch, install two new 37,000 gallon secondary clarifiers, construct a new chemical building with duplex chlorination and dechlorination systems, and a sludge belt filter press facility to replace the existing drying beds, convert one of the existing drying beds into dual chlorine contact basins, and post aeration equipment, convert the existing clarifier into an aerobic digester, upgrade the existing plant electrical works to accommodate the additional equipment placed, and television inspection of approximately 25,000 feet of other collection and interceptor lines. While the project will not serve any new customers, it will improve the quality of service to existing customers and reduce the amount of inflow and infiltration.

The project is estimated to cost \$1,158,500 as follows:

Construction	\$ 778,000
Engineering	211,687
Land & Rights-of-way	10,000
Legal & Administrative	48,600
Accounting & Audit	5,000
Bond Counsel	8,000
Interim Financing	18,000
Capitalized Interest	24,000
Contingencies	55,213
Total Project Cost	\$1,158,500

The District proposes to finance the project through an Economic Development Administration (EDA) Grant of \$890,000 and a State Revolving Fund (SRF) loan of \$268,500. The SRF loan is scheduled for repayment over a twenty year period at an interest rate of 3%. The resulting annual debt requirement will be

approximately \$18,049 and the establishment of a 10% debt reserve equaling \$1,805. The District will also fund a renewal and replacement reserve in the annual amount of \$6,406.

Staff has received and reviewed funding confirmations from both funding institutions. The District is in compliance with all conditions and requirements.

In addition to the permanent funding, the District has arranged for interim financing which will be utilized during the construction period. The One Valley Bank of Summersville has approved a line of credit in the amount of \$250,000 accruing at an interest rate not to exceed 7%. Any funds drawn on this line of credit will be repaid with permanent project funding.

According to the information provided, the District's going level annual operation and maintenance expense of \$83,326 will not be adjusted as a result of the upgradings. According to the Staff engineer, this level is reasonable since the project entails replacing existing lines and equipment rather than adding new customers to the system.

The District is, however, proposing a rate increase of 23.3% to cover the increased debt service and reserve expenses. These proposed rates are shown on the Attachment included with this memorandum. At these proposed rates, approximately \$23,359 in additional operating revenues will be generated. Thus, the total annual level of operating revenues at proforma will be approximately \$123,602. In addition, the District has other income of \$3,365 and interest income of \$1,098 for a total annual revenue amount of \$128,065. These annual revenues will be sufficient to meet the District's existing and proposed annual operating expenses totaling approximately \$122,202. These proposed rates will also result in a surplus of \$5,863 and a debt coverage ratio of 153.44%. Staff concurs with the District's proposed rates and will recommend they be approved, however, this approval is contingent upon no protests being received within the 30-day period following publication of the increased rates.

As previously stated, a majority of the project is funded by an EDA grant of \$890,000. This grant award, offered on May 28, 1993, stipulates the District's sewer improvements project must be under construction within 120 days of the offer date, or September 25, 1993. If this stipulation, and other requirements, including approval of this certificate application, are not achieved, the District will be in jeopardy of losing these funds. Thus, it is crucial that the District obtain

Cass Toon, Staff Attorney  
Case No. 93-0591-PSD-CN  
September 1, 1993  
Page 3

approval of its certificate application as soon as possible to ensure the project be successful.

In consideration of the above, Staff recommends the Cowen Public Service District's application for a certificate of convenience and necessity to make a number of improvements to its sewer system be approved prior to September 25, 1993. Staff further requests the Commission retain this case to enable an order to be issued on the 31st day from the date of publication provided there are no protests received.

WAN:gf

948  
DFA

COWEN PUBLIC SERVICE DISTRICT  
CASE NO. 93-0591-PSD-CN

STAFF RECOMMENDED TARIFF

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(C) SEWER RATES

First	2,000 gallons used per month,	\$5.06 per 1,000 gallons
Next	10,000 gallons used per month,	2.98 per 1,000 gallons
Next	10,000 gallons used per month,	2.39 per 1,000 gallons
Next	10,000 gallons used per month,	1.91 per 1,000 gallons
Next	10,000 gallons used per month,	1.68 per 1,000 gallons
Over	42,000 gallons used per month,	1.43 per 1,000 gallons

(C) MINIMUM CHARGE

The above charge is subject to a minimum monthly charge of Ten Dollars and Twelve Cents (\$10.12).

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RECONNECTION CHARGE

Service shall not be restored until all amounts in arrears, including penalties plus a reconnection fee of \$10.00, have been paid.

CONNECTION CHARGE

Subsequent to completion of construction adjacent to user's property -- \$100.00

(C) Indicates change.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

FINAL STAFF INTERNAL MEMORANDUM

RECEIVED

93 SEP 14 AM 10:00

PUBLIC SERVICE COMM.  
LEGAL DIVISION

DATE: September 10, 1993

TO: Cass Toon, Staff Attorney  
Legal Division

FROM:  Joseph A. Marakovits, Utility Engineer  
Public Service District Division

RE: Case No. 93-0591-PSD-CN  
Cowen Public Service District

On August 17, 1993, the Cowen Public Service District filed an application for a certificate of convenience and necessity to upgrade its existing sewage treatment and collection system. Specifically, the project consists of two (2) phases as outlined below:

Phase I: Install a new rotor on the existing oxidation ditch; reconstruct approximately 2,850 LF of existing interceptor and collectors; construct two new secondary clarifiers; construct a new chemical building; construct a belt filter press facility; convert an existing drying bed to chlorine contact basins; convert the existing clarifier to an aerobic digester and video approximately 25,000 LF of sewer lines for analysis.

Phase II: Based on findings of video study, replace/renovate the existing collection/interceptor system and upgrade the existing pump station.

At this time, plans and specifications have been prepared and submitted only for the rotor replacement in Phase I. These plans and specifications were approved by the West Virginia Division of Environmental Protection (DEP) on August 19, 1993. My review of the plans and specifications did not reveal any conflict with the Commission's Rules and Regulations for the Government of Sewer Utilities. This part of the project has already been bid and bid opening is scheduled for September 17, 1993. Bidding for the rest of the project is scheduled for November 1993. The District has chosen to proceed with only part of its project in order to secure an EDA grant, which stipulates that construction of the project must be in progress by September 25, 1993. Therefore, Staff's recommendation in this certificate case will be conditioned upon final approval of the remaining project plans and specifications by the DEP and Commission Staff.

The need for upgrading of the existing treatment plant and collection system has been adequately documented by the

Cass Toon, Staff Attorney  
Case No. 93-0591-PSD-CN  
September 10, 1993  
Page 2

project engineering firm, Pentree, Inc. According to the facilities plan prepared in January 1993, the Cowen PSD system is plagued by an extreme amount of infiltration and inflow which the treatment plant and collection system is incapable of handling. This project will result in the identification and removal of a significant portion of the I/I and improve the overall quality and efficiency of the sewer operation.

A breakdown of project costs is included in Attachment I. These costs are estimates only since actual bid tabulations are not yet available. Staff believes that the cost of this project is reasonable.

According to the information submitted, operation and maintenance costs are not projected to increase as a result of this project. Staff concurs with this position since the project will not result in additional customer services being provided.

From an engineering standpoint, I recommend that a certificate of convenience and necessity be issued without a hearing, subject to the following conditions:

1. No public protests are received, necessitating a hearing.
2. DEP and PSC approval of the additional project plans and specifications upon submission.
3. Should any of the construction bids exceed the estimated project costs approved herein, the Cowen PSD shall submit to the PSC for review and approval any necessary financial and/or engineering revisions.

JAM:gf

AS  
CFB Sor DHW

COWEN PUBLIC SERVICE DISTRICT  
CASE NO. 93-0591-PSD-CNESTIMATED PROJECT COSTS

Construction	\$ 778,000
Engineering	211,687
Land & Rights-of-Way	10,000
Legal & Administrative	48,600
Accounting & Audit	5,000
Bond Counsel	8,000
Interim Financing	18,000
Capitalized Interest	24,000
Contingencies	<u>55,213</u>
Total Project Cost	\$1,158,500

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 23rd day of February, 1994.

CASE NO. 93-0591-PSD-CN (Reopened)

COWEN PUBLIC SERVICE DISTRICT,  
a public utility, Webster County.

Petition to reopen certificate application  
and for approval of certain revisions in  
project.

FINAL ORDER

By order entered, the Commission on September 29, 1993, approved an application filed August 17, 1993 by Cowen Public Service District (District) in Case No. 93-0591-PSD-CN, conditioned upon the District obtaining final approval of remaining project plans and specifications by the Division of Environmental Protection and Commission Staff.

On January 13, 1994, the District filed a petition to reopen the certificate application for approval of certain engineering revisions to the project. Commission Staff has reviewed the revisions as well as the remaining plans and specifications (Contracts 2 and 3), and finds no conflict with Commission rules and regulations. The original plans and specifications (Contracts 2 and 3), were also approved by the Division of Environmental Protection on November 12, 1993 and will be approved as a change order once the contracts are awarded.

The project revisions were necessitated as a result of project bidding which occurred on December 15, 1993. Actual bids exceeded the estimated costs of the project, resulting in the following revised project construction:

PHASE I: Install a new rotor on the existing oxidation ditch; reconstruct approximately 3,230 LF of existing interceptor and collectors; construct one new secondary clarifier and make minor modifications to existing secondary clarifier; construct a new chemical building; construct a new aerobic digester; construct a new chlorine contact chamber; and video approximately 25,000 LF of sewer lines for analysis.

PHASE II: Based on findings of video study, develop plan of action for correcting deficiencies in the existing collector/interceptor system.

The major change to the project is the elimination of the proposed sludge belt press and construction of a new chlorine contact chamber. The revised project costs are as follows. Total project costs, funding, and sewer user Rates remained unchanged.

REVISED PROJECT COSTS

Construction	\$ 787,600
Engineering	211,687
Legal and Fiscal	13,600
Administrative	40,000
Site and other Lands	10,000
Interim Financing	18,000
Contingency	45,613
Capitalized Interest	24,000
Other Costs	<u>8,000</u>

Total Revised Project Costs \$1,158,500

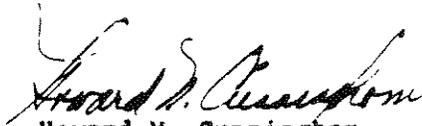
Commission Staff recommends approval of the remaining plans and specifications, and revisions submitted in the District's January 13, 1994 petition.

UPON CONSIDERATION WHEREOF, the Commission is of the opinion and finds that the petition filed January 13, 1994 by Cowen Public Service District to reopen Case No. 93-0591-PSD-CN and for approval of certain engineering revisions to the project covered by the original application should be granted.

IT IS, THEREFORE, ORDERED that the petition filed January 13, 1994 by Cowen Public Service District, be, and it hereby is approved, including the revised plans and specifications and revisions contained in said petition.

IT IS FURTHER ORDERED that the Commission's Executive Secretary mail this order to all parties of record in this case by United States First Class Mail.

A True Copy, Testes:

  
Howard M. Cunningham  
Executive Secretary

HMC/mv



COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

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 JAMES GAMBLE, Chairman of Cowen Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 6th day of April, 1994, the Authority received the Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), issued in the principal amount of \$268,500, as a single, fully registered Bond, numbered R-1 and dated April 6, 1994 (the "Bonds").

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by James Gamble, as Chairman of the Issuer, and by Virginia Fletcher, 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 \$13,425, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Division of Environmental Protection as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 6th day of April, 1994.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By Barbara B Meadows  
Secretary-Treasurer

COWEN PUBLIC SERVICE DISTRICT

By James L Gamble  
Chairman



COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

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 Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), in the principal amount of \$268,500, dated April 6, 1994 (the "Bonds"), executed by the Chairman and Secretary of Cowen Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and a Supplemental Resolution duly adopted by the Issuer on April 4, 1994 (collectively, the "Bond Legislation");

(94) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement dated February 23, 1994, by and among the West Virginia Division of Environmental Protection (the "DEP"), 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 \$13,425, representing a portion of the principal amount of the Bonds. 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.

6

Dated this 6th day of April, 1994.

COWEN PUBLIC SERVICE DISTRICT

By *[Handwritten Signature]*  
Its Chairman

03/16/94  
CWNC.J2  
19304/93001



(SPECIMEN BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COWEN PUBLIC SERVICE DISTRICT  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,  
SERIES 1994  
(WEST VIRGINIA SRF PROGRAM)

No. R-1

\$268,500

KNOW ALL MEN BY THESE PRESENTS: That COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED SIXTY-EIGHT THOUSAND FIVE HUNDRED DOLLARS (\$268,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1, and December 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year. 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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated February 23, 1994.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system 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 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on April 4, 1994, and a Supplemental Resolution duly adopted by the Issuer on April 4, 1994 (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 A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWAGE SYSTEM REVENUE BOND, SERIES A, DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$260,000, AND THE ISSUER'S COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978, DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$150,000 (COLLECTIVELY, 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 a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1994 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 1994 Bonds Reserve Account

an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, COWEN 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 April 6, 1994.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 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: April 6, 1994.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION,  
as Registrar

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

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	<u>                    </u>

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Cowen PSD Bond Issue, Series 1994				
DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1994	-	-	-	-
3/01/1995	2,462.00	3.00000%	2,013.75	4,475.75
6/01/1995	2,480.00	3.00000%	1,995.29	4,475.29
9/01/1995	2,499.00	3.00000%	1,976.69	4,475.69
12/01/1995	2,517.00	3.00000%	1,957.94	4,474.94
3/01/1996	2,536.00	3.00000%	1,939.07	4,475.07
6/01/1996	2,555.00	3.00000%	1,920.05	4,475.05
9/01/1996	2,575.00	3.00000%	1,900.88	4,475.88
12/01/1996	2,594.00	3.00000%	1,881.57	4,475.57
3/01/1997	2,613.00	3.00000%	1,862.12	4,475.12
6/01/1997	2,633.00	3.00000%	1,842.52	4,475.52
9/01/1997	2,653.00	3.00000%	1,822.77	4,475.77
12/01/1997	2,673.00	3.00000%	1,802.87	4,475.87
3/01/1998	2,693.00	3.00000%	1,782.83	4,475.83
6/01/1998	2,713.00	3.00000%	1,762.63	4,475.63
9/01/1998	2,733.00	3.00000%	1,742.28	4,475.28
12/01/1998	2,754.00	3.00000%	1,721.78	4,475.78
3/01/1999	2,774.00	3.00000%	1,701.13	4,475.13
6/01/1999	2,795.00	3.00000%	1,680.32	4,475.32
9/01/1999	2,816.00	3.00000%	1,659.36	4,475.36
12/01/1999	2,837.00	3.00000%	1,638.24	4,475.24
3/01/2000	2,858.00	3.00000%	1,616.96	4,474.96
6/01/2000	2,880.00	3.00000%	1,595.53	4,475.53
9/01/2000	2,901.00	3.00000%	1,573.93	4,474.93
12/01/2000	2,923.00	3.00000%	1,552.17	4,475.17
3/01/2001	2,945.00	3.00000%	1,530.25	4,475.25
6/01/2001	2,967.00	3.00000%	1,508.16	4,475.16
9/01/2001	2,990.00	3.00000%	1,485.91	4,475.91
12/01/2001	3,012.00	3.00000%	1,463.48	4,475.48
3/01/2002	3,035.00	3.00000%	1,440.89	4,475.89
6/01/2002	3,057.00	3.00000%	1,418.13	4,475.13
9/01/2002	3,080.00	3.00000%	1,395.20	4,475.20
12/01/2002	3,103.00	3.00000%	1,372.10	4,475.10
3/01/2003	3,127.00	3.00000%	1,348.83	4,475.83
6/01/2003	3,150.00	3.00000%	1,325.38	4,475.38
9/01/2003	3,174.00	3.00000%	1,301.75	4,475.75
12/01/2003	3,197.00	3.00000%	1,277.95	4,474.95
3/01/2004	3,221.00	3.00000%	1,253.97	4,474.97
6/01/2004	3,246.00	3.00000%	1,229.81	4,475.81
9/01/2004	3,270.00	3.00000%	1,205.47	4,475.47
12/01/2004	3,294.00	3.00000%	1,180.94	4,474.94
3/01/2005	3,319.00	3.00000%	1,156.24	4,475.24
6/01/2005	3,344.00	3.00000%	1,131.35	4,475.35
9/01/2005	3,369.00	3.00000%	1,106.27	4,475.27
12/01/2005	3,394.00	3.00000%	1,081.00	4,475.00
3/01/2006	3,420.00	3.00000%	1,055.54	4,475.54
6/01/2006	3,446.00	3.00000%	1,029.89	4,475.89
9/01/2006	3,471.00	3.00000%	1,004.05	4,475.05
12/01/2006	3,497.00	3.00000%	978.02	4,475.02
3/01/2007	3,524.00	3.00000%	951.79	4,475.79
6/01/2007	3,550.00	3.00000%	925.36	4,475.36

Cowen PSD  
Bond Issue, Series 1994

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2007	3,577.00	3.00000%	898.73	4,475.73
12/01/2007	3,604.00	3.00000%	871.91	4,475.91
3/01/2008	3,631.00	3.00000%	844.88	4,475.88
6/01/2008	3,658.00	3.00000%	817.64	4,475.64
9/01/2008	3,685.00	3.00000%	790.21	4,475.21
12/01/2008	3,713.00	3.00000%	762.57	4,475.57
3/01/2009	3,741.00	3.00000%	734.72	4,475.72
6/01/2009	3,769.00	3.00000%	706.67	4,475.67
9/01/2009	3,797.00	3.00000%	678.40	4,475.40
12/01/2009	3,826.00	3.00000%	649.92	4,475.92
3/01/2010	3,854.00	3.00000%	621.23	4,475.23
6/01/2010	3,883.00	3.00000%	592.32	4,475.32
9/01/2010	3,912.00	3.00000%	563.20	4,475.20
12/01/2010	3,942.00	3.00000%	533.86	4,475.86
3/01/2011	3,971.00	3.00000%	504.29	4,475.29
6/01/2011	4,001.00	3.00000%	474.51	4,475.51
9/01/2011	4,031.00	3.00000%	444.50	4,475.50
12/01/2011	4,061.00	3.00000%	414.27	4,475.27
3/01/2012	4,092.00	3.00000%	383.81	4,475.81
6/01/2012	4,122.00	3.00000%	353.12	4,475.12
9/01/2012	4,153.00	3.00000%	322.21	4,475.21
12/01/2012	4,184.00	3.00000%	291.06	4,475.06
3/01/2013	4,216.00	3.00000%	259.68	4,475.68
6/01/2013	4,247.00	3.00000%	228.06	4,475.06
9/01/2013	4,279.00	3.00000%	196.21	4,475.21
12/01/2013	4,311.00	3.00000%	164.12	4,475.12
3/01/2014	4,344.00	3.00000%	131.78	4,475.78
6/01/2014	4,376.00	3.00000%	99.20	4,475.20
9/01/2014	4,409.00	3.00000%	66.38	4,475.38
12/01/2014	4,442.00	3.00000%	33.32	4,475.32
<b>TOTAL</b>	<b>268,500.00</b>	<b>-</b>	<b>89,533.19</b>	<b>358,033.19</b>

YIELD STATISTICS

Accrued Interest from 12/01/1994 to 12/01/1994...	-
Average Life.....	11.115 YEARS
Bond Years.....	2,984.44
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112521%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112521%

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

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

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, SUITE 301

HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8600

FACSIMILE (301) 739-8742

WRITER'S DIRECT DIAL NUMBER

April 6, 1994

Cowen Public Service District  
Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

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

West Virginia Division of Environmental  
Protection  
617 Broad Street  
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Cowen 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 \$268,500 Sewer Revenue Bonds, Series 1994 (West Virginia SRF Program), 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 February 23, 1994, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") 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 at the rate of 3% per annum, and both principal and interest are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1995, all as set forth in "Schedule Y," 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 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the bond and notes resolution duly adopted by the Issuer on April 4, 1994, as supplemented by a supplemental resolution duly adopted by the Issuer on April 4, 1994 (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 organized and validly existing public service district 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 the DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.
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 Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original principal amount of \$260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original principal amount of \$150,000, 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 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,

*Stephoe & Johnson*

STEPTOE & JOHNSON

03/16/94  
CWNC.K2  
19304/93001

C

C

**HOWARD J. BLYLER**

**ATTORNEY AT LAW  
P. O. BOX 217  
COWEN, WV 26206  
304-226-5178**

April 6, 1994

COWEN PUBLIC SERVICE DISTRICT  
Combined Waterworks and Sewerage System Revenue Bonds  
Series 1994  
(West Virginia SRF Program)

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

West Virginia Division of Environmental  
Protection  
617 Broad Street  
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

I am counsel to Cowen Public Service District, a public service district in Webster 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 February 23, 1994, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Legislation (as defined therein) and other documents, papers, agreements, instruments and certificates relating to the above captioned Bonds of the Issuer, (the "Bonds") and order of the County Commission of Webster County relating to the Issuer, and the appointment of members of the Public Service Board of the Issuer. Terms used in said opinion, Bond Legislation and Loan Agreement and not otherwise defined herein have the same meanings 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 DEP and the Authority, constitutes a valid and binding agreement of the Issuer 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, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the 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, consents, certificates and approvals from the County Commission of Webster 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 time for appeal of the Final Orders of the Public Service Commission of West Virginia entered on September 28, 1993, in Case No. 93-0591-PSD-CN, and on February 23, 1994, in Case No. 93-0591-PSD-CN (Reopened), among other things, approving and consenting to the issuance of the Bonds and granting to the Issuer a certificate of public convenience and necessity for the Project has expired prior to the date hereof without any protect.

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.

West Virginia Water Development Authority, et al.

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

Very truly yours



Howard S. Blyler

HJB/vvc



COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

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. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. IRS INFORMATION RETURN
18. SPECIMEN BOND
19. CONFLICT OF INTEREST
20. CLEAN WATER ACT

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Cowen Public Service District in Webster County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$268,500 principal amount of Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program) (the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted April 4, 1994, and a Supplemental Resolution adopted April 4, 1994 (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 Net Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System 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 among the Issuer, the Authority and the DEP. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on parity with the Bonds as to liens, pledge and source of and security for payment, being the Issuer's Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original principal amount of \$260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original principal amount of \$150,000 (collectively, the "Prior Bonds"). The Issuer is not in default under the terms of the Prior Bonds or the Prior Resolutions and has complied with all provisions thereof with respect to the issuance of parity bonds. All payments into the funds and accounts provided for in the Prior Resolutions on account of the Prior Bonds and any other payments provided for in the Prior Resolutions have been made in full as required to the date of delivery of the Bonds.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

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 Webster County Commission proposing the creation of and creating Cowen Public Service District and Affidavit of Publication.

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

Oaths of Office of current members of Cowen Public Service Board.

1968 Bond Resolution.

1980 Bond Resolution.

Consent to Issuance of Parity Bonds of FmHA.

Bond and Notes Resolution.

Supplemental Resolution.

Rules of Procedure of Cowen Public Service Board.

Affidavit of Publication on Borrowing.

Minutes of Current Year Organizational Meeting.

Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Loan Agreement.

Evidence of EDA Grant.

NPDES Permit.

Public Service Commission Orders entered September 28, 1993, and February 23, 1994.

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
C. L. Henderson	July 1, 1992	June 30, 1994
James Gamble	November 2, 1993	March 3, 1999
Claud Greene	January 15, 1994	January 15, 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 1994 are as follows:

Chairman	-	James Gamble
Secretary	-	Virginia Fletcher
Treasurer	-	Shirley Houba

The duly appointed and acting counsel to Issuer is Howard J. Blyler, Esquire, of Cowen, 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, 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 is in full force and effect.

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 the Loan Agreement.

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on September 28, 1993 (Case No. 93-0591-PSD-CN), among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the rates and charges for the services of the System and approving and consenting to the issuance of the Bonds and the financing for the Project, 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. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered R-1, dated April 6, 1994, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. **BOND PROCEEDS:** On the date hereof, the Issuer received \$13,425 from the DEP and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. **PUBLICATION OF NOTICE OF BORROWING AND PSC FILING:** The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, 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.

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

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

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

Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

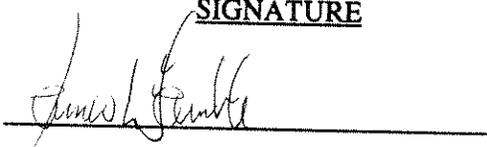
18. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the 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.

20. CLEAN WATER ACT: The Project as described in the Bond Legislation complies with Sections 208 and 303(e) of the Clean Water Act.

WITNESS our signatures and the official seal of COWEN PUBLIC SERVICE DISTRICT on this 6th day of April, 1994.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Chairman
	Secretary
	Counsel to Issuer

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COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System,  
Series 1994  
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

I, JAMES GAMBLE, Chairman of the Public Service Board of Cowen Public Service District in Webster County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$268,500 aggregate principal amount of Combined Waterworks and Sewerage System, Series 1994 (West Virginia SRF Program), of the Issuer, dated April 6, 1994 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, 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.

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 April 6, 1994, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal amount 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 and Notes 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

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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 April 6, 1994, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated February 23, 1994, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, for an aggregate purchase price of \$268,500 (100% of par), of which \$13,425 was received on the date hereof, which is more than a de minimis amount of the proceeds of the Bonds. No accrued interest has been or will be paid on the Bonds.

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 sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds.

8. Not later than 1 day following the delivery of the Bonds, the Issuer shall 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 September, 1994, 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 September, 1994.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,158,500. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	\$ 268,500
EDA Grant Proceeds	<u>890,000</u>
Total Sources	<u>\$1,158,500</u>

USES

Acquisition and Construction of Project	\$1,147,500
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	-0-
Costs of Issuance	<u>11,000</u>
Total Uses	<u>\$1,158,500</u>

The amount of Project costs not expected to be 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 grant proceeds, 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 and Notes Resolution pursuant to which the Bonds are issued, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (continued);
- (2) Prior Bonds Reserve Account; (continued);
- (3) Depreciation Reserve (continued);
- (4) Rebate Fund;
- (5) Bond Construction Trust Fund; and
- (6) Series 1994 Bonds Sinking Fund, and within the Series 1994 Bonds Sinking Fund, the Series 1994 Bonds Reserve Account.

11. Pursuant to Article VI of the Bond and Notes Resolution pursuant to which the Bonds are issued, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of \$-0- will be deposited in the Series 1994 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 1994 Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds as advanced to the Issuer 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 or other funds.

12. Moneys held in the Series 1994 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 1994 Bonds Sinking Fund and the Series 1994 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 and Notes Resolution.

13. Except for the Series 1994 Bonds Sinking Fund and the Series 1994 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, the Prior Bonds Reserve Account or the Depreciation Reserve 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 1994 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1994 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 1994 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 1994 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 expects to enter into a contract within one day of the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 6 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 1994 Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1994 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 6 months from the date of issuance thereof.

18. The Series 1994 Bonds Sinking Fund (other than the Series 1994 Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1994 Bonds Sinking Fund (other than the Series 1994 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 1994 Bonds Sinking Fund (other than the Series 1994 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1994 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1994 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation.

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

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

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

22. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of 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.

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

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

25. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of 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.

26. 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.

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

28. The Issuer has retained the right to amend the Bond and Notes 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.

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

30. The Issuer has either (a) funded the Series 1994 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 1994 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1994 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 1994 Bonds Reserve Account and the Series 1994 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.

31. 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.

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

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

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. 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.

41. 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.

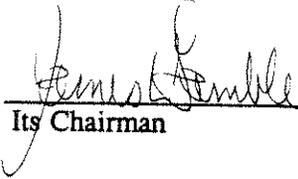
42. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 6th day of April, 1994.

COWEN PUBLIC SERVICE DISTRICT

By

  
Its Chairman

03/31/94  
CWNC.N3  
19304/93001

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COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

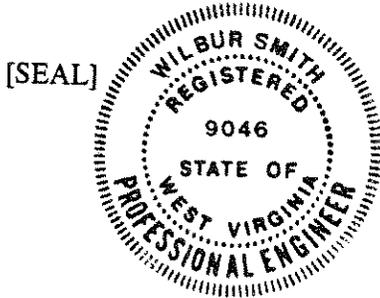
ENGINEER'S CERTIFICATE

I, Wilbur Smith, Registered Professional Engineer, West Virginia License No. 9046, of Pentree, Incorporated, Consulting Engineers, in Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities (the "Project") of Cowen Public Service District (the "Issuer") to be constructed primarily in Webster 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 words not defined herein shall have the meaning set forth in the Bond and Notes Resolution adopted by the Issuer on April 4, 1994, and the Loan Agreement, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated February 23, 1994.
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 approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the 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 on this 6th day of April, 1994.



PENTREE, INCORPORATED  
By Wilbur Smith  
Its Vice President  
West Virginia License No. 9046

03/16/94  
CWNC.O2  
19304/93001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Cowen Public Service District

**ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS  
AND COST OF FINANCING**

**A. Cost of Project**

1. Construction	\$	<u>787,600</u>
2. Technical Services	\$	<u>211,687</u>
3. Legal and Fiscal	\$	<u>13,600</u>
4. Administrative	\$	<u>40,000</u>
* 5. Site and Other Lands	\$	<u>10,000</u>
* 6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____ )	\$	<u>0</u>
7. Interim Financing Costs	\$	<u>18,000</u>
8. Contingency	\$	<u>69,613</u>
9. Total of Lines 1 Through 8	\$	<u>1,150,500</u>

\$ 1,150,500

**B. Sources of Funds**

10. Federal Grants: <sup>1</sup> (Specify Sources)	EDA	\$	<u>890,000</u>
11. State Grants: <sup>1</sup> (Specify Sources)	_____	\$	_____
	_____	\$	_____
	_____	\$	_____
12. Other Grants: <sup>1</sup> (Specify Sources)	_____	\$	_____
13. Any Other Source <sup>2</sup> (Specify)	_____	\$	_____
14. Total of Lines 10 Through 13		\$	_____

\$ 890,000

15. Net Proceeds Required from Bond Issue  
(Line 9 Less than 14)

\$ 268,500

**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>8,000</u>
19. Total Cost of Financing (lines 16 through 18)	\$	<u>8,000</u>

\$ 8,000

20. Size of Bond Issue (Line 15 plus Line 19)

\$ 268,500

\* not allowable for State Revolving Fund Assistance



*Jeffrey S. Feamster*  
*Certified Public Accountant*  
*P.O. Box 121*  
*Lewisburg, West Virginia 24901*  
*304-647-5980*

April 6, 1994

Cowen Public Service District  
Combined Waterworks and Sewerage Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

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

West Virginia Division of Environmental  
Protection  
617 Broad Street  
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 93-0591-PSD-CN, entered September 28, 1993, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Pentree, Incorporated, Consulting Engineers, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Cowen Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 150% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program) (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, without limitation, the Issuer's Combined Waterworks and Sewerage System Revenue Bond, Series A, and the Issuer's Combined Water and Sewer Revenue Bonded, Series 1978 (collectively, the "Prior Bonds"), all as required under the resolutions authorizing the Prior Bonds.

Very truly yours,

  
\_\_\_\_\_  
Jeffrey S. Feamster, CPA



## ORDERS - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, April 7, 1964.

The County Court of Webster County, West Virginia, met in regular session Tuesday, April 7, 1964, at the Court House of said County.

The meeting was called to order and the roll being called, there were present Dr. J. M. Cofer, President, presiding, and the following named Commissioners: Ora E. Jordan and Ovid M. Norton. None were absent. Whereupon, upon motion of Ovid Morton duly seconded by Dr. J. M. Cofer, President, the County Court took up and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date for hearing on the creation of a Public Service District within Webster County, West Virginia, to be known as the Cowen Public Service District, and providing for the publication of a notice of such hearing," and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted.

After due consideration, the President put the question on the motion, and the roll being called, the following voted:

Aye: Dr. J. M. Cofer  
Ora E. Jordan  
Ovid Morton

Whereupon, the President declared the motion duly carried and said resolution and order duly adopted on motion and vote. The resolution and order aforesaid is in words and figures following, to-wit:

"A resolution and order fixing a date of hearing on the creation of the proposed Public Service District within Webster County, West Virginia, to be known as the Cowen Public Service District; and providing for the publication of a notice of such hearing."

WHEREAS, the Town Council of the Town of Cowen in Webster County, West Virginia, and other citizens have urged upon the Court the necessity and desirability of establishing an adequate method and plat for the disposal of sewerage and waste in the area and territory in and surrounding said Town of Cowen; and

WHEREAS, the County Court of Webster County take cognizance of the desirability of possible establishment of an adequate system for the distribution of a supply of potable water to such areas near the Town of Cowen which are not served presently by the existing water system of the Cowen Municipal Water Works;

NOW, THEREFORE, pursuant to the provisions of Article 13-a of Chapter 16 of the West Virginia Code, upon the motion of the County Court of Webster County, Be It and It is Hereby Resolved and Ordered by the County Court of Webster County, West Virginia, as follows:

Section 1: That the County Court of Webster County on its own motion hereby finds and declares the desirability and necessity of the creation of a public service district in Webster County, West Virginia, within Webster County, West Virginia, to be known as the Cowen Public Service District.

ORDERS - WEBSTER COUNTY COURT  
REGULAR SESSION, Tuesday, April 7, 1964.

Section 2:

(a) The name and corporate title of said public service district shall be the Cowen Public Service District.'

(b) The Territory to be embraced in said public service district shall be as follows: Beginning at a point in Glade Magisterial District at the confluence of Williams River with Gauley River and having latitude N. 38° 22' S. 9.34" and longitude W. 80° 34' 46", thence N. 50 E with Gauley River 0.71 miles to a point in North West Bank of Gauley River, thence N. 40 W. 0.10 miles, thence S. 53 W. 0.56 miles, thence N. 33½ W. 0.76 miles, thence N. 40 W. 0.66 miles, thence N. 75 E. 0.68 miles, thence N. 73½ E. 0.54 miles, thence S. 35 E. 0.66 miles to Gauley River, thence S. 86 E. with Gauley River 0.47 miles to confluence of Upper Glade Run, thence N. 4 W. with Upper Glade Run 0.10 miles, thence N. 88½ W. 0.42 miles, thence N. 34 W. 0.25 miles, thence N. 16 W. 0.25 miles, thence N. 40 W. 0.23 miles, thence N. 46 E. 0.33 miles to a point in West Virginia Secondary Road number 36/3, thence N. 65½ W. 0.44 miles which line passes through intersection of W. Va. Secondary Roads Numbers 34 and 38, thence S. 11 W. 0.49 miles, thence N. 79 W. 0.22 miles, thence S. 64 W. 0.74 miles, thence N. 62 W. 0.85 miles, thence N. 30 W. 1.14 miles, thence S. 61½ W. 0.38 miles which line passes through old crossing at north end of B & O Railroad yards, thence S. 18 W. 0.63 miles, thence N. 74 W. 0.29 miles, thence S. 58½ W. 0.47 miles to a point in intersection of W. Va. Secondary Roads Numbers 30 and 30/2, thence S. 3 W. 0.19 miles, thence S. 32 E. 0.77 miles to a point in W. Va. Primary Road Number 20 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 20 in a south easterly direction 1.20 miles, thence leaving said road N. 46 E. 0.13 miles, thence N. 46 W. 0.91 miles, thence N. 29 E. 0.55 miles, thence S. 64 E. 0.10 miles, thence N. 61 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71½ E. 0.55 miles, thence S. 40 E. 1.99 miles to the beginning, containing 3.20 square miles, be the same more or less, and generally containing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Caesar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County, State of West Virginia, as shown on a map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964.'

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying sewerage service and water service within such territory and also outside such territory to the extent permitted by law.'

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13-a of Chapter 16 of the West Virginia Code. However, such territory does include within its limits the incorporated Town of Cowen, which by resolution duly entered and adopted by its Town Council, has requested this County Court to have the territory within its corporate limits included in such public service district.'

Section 3: That on May 5, 1964, at the hour of 10:00 o'clock A. M., this County Court shall meet in the County Court House at Webster Springs, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.'

ORDERS - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, April 7, 1964.

"Section 4: That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on April 8, 1964, in the Webster Republican, a newspaper of general circulation published in Webster County."

.....

A true copy from the Record  
Court Order Book 18 Page 480

Attest: *Nancy C. Simpson*, Clerk

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 18 at Page No. 480.

Given under my hand and the seal of said Commission this 25th day of March, 1994.

 , Clerk  
Webster County Commission

Certificate of Publication

OFFICE OF

THE WEBSTER REPUBLICAN

Webster Springs, W. Va. April 5 19 64

Joyd Jensen Publisher

of The Webster Republican, a weekly newspaper published in the Town of Webster Springs, County of Webster and State of West Virginia, do certify that

the hereunto attached notice of Public hearing in creation of Cowen Public Service District

was duly published in said paper for

consecutive weeks, commencing on

Wednesday, April 8 19 64

And ending on

Wednesday, April 15 19 64

Words 978 Times Published 2

@ 440 Total \$ 41.32

Amount,

APRIL 15, 1964

NOTICE OF PUBLIC HEARING ON CREATION OF COWEN PUBLIC SERVICE DISTRICT

Notice is hereby given if the County Court of Webst County on its own motion is c sidering the creation of a Pub Service District within Webst County, West Virginia, for purpose of constructing or quaring by purchase or otherw and the maintenance, operat improvement and extension public service properties suppl ing sewerage services and wa services within said District a also outside said District a extent permitted by law: to named Cowen Public Serv District, and having the follo ing boundaries:

Beginning at a point in Old Magisterial District at the cfluence of Williams River w. Gauley River and having latit N. 38 degrees 22' S 34' and oritude W. 80 degrees 34' 6 thence N. 50 E. with Gauley Rr or 0.71 miles to a point on Nor West Bank of Gauley Riv thence N. 40 W. 0.10 mile thence S. 53 W. 0.66 miles, then N. 33 1/2 W 0.76 miles, thence 40 W. 0.00 miles, thence N. 73 1/2 E. 0.68 miles, thence N. 73 1/2 E. 0 miles, thence S. 35 E. 0.66 mi to Gauley River, thence S. 88 with Gauley River 0.47 miles confluence of Upper Glade Ra thence N. 4 W with Upper Glade Run 0.10 miles, thence N. 86 W. 0.42 miles, thence N. 34 1/2 E. 0.28 miles, thence N. 18 W. 0. miles, thence N. 40 W 0.23 mi thence N. 46 E. 0.38 miles to point in West Virginia Secoary Road number 36-3, then S. 83 1/2 W. 0.44 miles which is passes through intersection of Va. Secondary Road's Numbe 34 and 36, thence S. 11 W. 8 miles, thence N. 78 W. 0.23 mi thence S. 64 W. 0.74 miles, then N. 63 W. 0.38 miles, thence N. W. 1.14 miles, thence S. 61 1/2 1 0.38 miles which line pass through old crossing at nor end of B & O Railroad, yea thence S. 18 W. 0.33 miles, then N. 34 W. 0.29 miles, thence S. 58 1/2 W. 0.67 miles to a point in intersection of W. Va. Secondary Roads Numbers 36 and 36-3, thence S. 3 W. 0.19 miles, thence S. 38 E. 0.77 miles to a point in W. Va. Primary Road Number 30 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 30 in a south easterly direction 1.29 miles, thence leaving said road N. 68 E. 0.29 miles, thence N. 48 W. 0.91 miles, thence N. 29 E. 0.56 miles, thence S. 64 E. 0.10 miles, thence N. 61 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71 1/2 E. 0.56 miles, to the beginning, contain ing 1.29 square miles, be the same more or less, and generally contain ing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Caesar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County State of West Virginia, as shown on a map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964.

All persons residing in or owning or having any interest in property in said proposed Public Service District are hereby notified that the County Court of Webster County will conduct a public hearing on NEXT MEETING, MAY 8, 1964, in the County Court House at Webster Springs, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this 7 day of April, 1964.

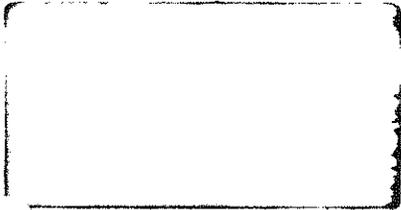
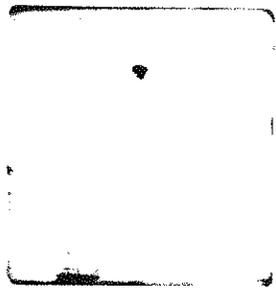
CHARLES HEROLD, County Court Clerk

Adopted by the County Court April 7, 1964.

COUNTY OF WEBSTER to-wit.  
I, Charles Herold, hereby certify that I am the duly qualified and acting Clerk of said County Court of Webster County, West Virginia and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of April 7, 1964 and a resolution and order there adopted relating to the proposed location of the Cowen Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court at Webster Springs, West Virginia, this 14th day of April, 1964.

CHARLES HEROLD.



ORDERS - - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, June 2, 1964

At a regular meeting of the County Court of Webster County, West Virginia, held at the Court House thereof, on Tuesday, June 2, 1964, present: J. M. Cofen, President; Ovid M. Morton and Ora E. Jordan, Commissioners.

.....

WHEREAS, by a resolution and order heretofore adopted on the 7th day of April, 1964, the County Court of Webster County, West Virginia, did fix a date for a public hearing on the creation of the proposed Cowen Public Service District, and in and by said resolution and order did provide that all persons residing in or owning or having any interest in property in the property in the proposed public service district might appear before the County Court at said hearing, held on the 5th day of May, 1964, and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of said meeting was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district, and the Court has

## ORDERS - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, June 2, 1964

given due consideration to all matters for which such hearing was offered; and

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

NOW, THEREFORE, be it, and it is hereby resolved and ordered by the County Court of Webster County, West Virginia, as follows:

Section 1: That a public service district within Webster County, West Virginia, is hereby created, and said district shall have the following boundaries:

Beginning at a point in Glade Magisterial District at the confluence of Williams River with Gauley River and having latitude N. 38° 22' S. 9.34" and longitude W. 80° 34' 46", thence N. 50 E. with Gauley River 0.71 miles to a point in North West Bank of Gauley River, thence N. 40 W. 0.10 miles, thence S. 53 W. 0.56 miles, thence N. 33½ W. 0.76 miles, thence N. 40 W. 0.66 miles, thence N. 75 E. 0.68 miles, thence N. 73½ E. 0.54 miles, thence S. 35 E. 0.66 miles to Gauley River, thence S. 86 E. with Gauley River 0.47 miles to confluence of Upper Glade Run, thence N. 4 W. with Upper Glade Run 0.10 miles, thence N. 88½ W. 0.42 miles, thence N. 34 W. 0.25 miles, thence N. 16 W. 0.25 miles, thence N. 40 W. 0.23 miles, thence N. 46 E. 0.33 miles to a point in West Virginia Secondary Road Number 36/3, thence N. 65½ W. 0.44 miles which line passes through intersection of W. Va. Secondary Roads Numbers 34 and 38, thence S. 11 W. 0.49 miles, thence N. 79 W. 0.22 miles, thence S. 64 W. 0.74 miles, thence N. 62 W. 0.85 miles, thence N. 30 W. 1.14 miles, thence S. 61½ W. 0.38 miles which line passes through old crossing at north end of B & O Railroad yards, thence S. 18 W. 0.63 miles, thence N. 74 W. 0.29 miles, thence S. 58½ W. 0.47 miles to a point in intersection of W. Va. Secondary Roads Numbers 30 and 30/2, thence S. 3 W. 0.19 miles, thence S. 32 E. 0.77 miles to a point in W. Va. Primary Road Number 20 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 20 in a south easterly direction 1.20 miles, thence leaving said road N. 46 E. 0.13 miles, thence N. 46 W. 0.91 miles, thence N. 29 E. 0.55 miles, thence S. 64 E. 0.10 miles, thence N. 61 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71½ E. 0.55 miles, thence S. 40 E. 1.99 miles to the beginning, containing 3.20 square miles, be the same more or less, and generally containing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Caesar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County, State of West Virginia, as shown on map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964.

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

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

AND

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

ORDERS - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, June 2, 1964

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

NOW, THEREFORE, be it, and it is hereby further resolved and ordered by the County Court of Webster County, West Virginia, as follows:

Section 1: That the County Court of Webster County, West Virginia, hereby finds and determines that Randall G. Bragg, Sr., Carl R. Wright, F. D. Clark, Hecy F. Given and Ralph K. Given, are persons residing within the Cowen Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said District and their respective terms of office shall be as follows:

Randall G. Bragg, Sr., for a term of six years from the first day of the month in which this resolution and order is adopted;

Carl R. Wright for a term of five years from the first day of the month in which this resolution and order is adopted;

F. D. Clark for a term of four years from the first day of the month in which this resolution and order is adopted;

Hecy F. Given for a term of three years from the first day of the month in which this resolution and order is adopted; and

Ralph K. Given for a term of two years from the first day of the month in which this resolution and order is adopted.

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

.....

A true copy from the Record  
Court Order Book 18 Page 493

Attest: *Nancy C. Seeliepie*, Clerk

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 18 at Page No. 493 .

Given under my hand and the seal of said Commission this 25th day of March , 1994 .

Terry J. Payne, Clerk  
Webster County Commission



RE: C. L. HENDERSON, MEMBER, COWEN PUBLIC SERVICE DISTRICT

On motion of Ernest F. Ayers and seconded by Coy D. Gillespie, C. L. Henderson is hereby re-appointed as a Member of the Cowen Public Service District, for a two (2) year term, starting July 1, 1992 and ending June 30, 1994. Motion carried.

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U

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 24 at Page No. 84.

Given under my hand and the seal of said Commission this 25th day of March, 1994.

Terry J. Payne, Clerk  
Webster County Commission

RE: JIM GAMBLE, MEMBER, COWEN PUBLIC SERVICE DISTRICT

On motion of Larry Sandy and seconded by Coy Gillespie, Jim Gamble is hereby appointed as a member of the Cowen Public Service District, to finish the unexpired term of Virgil Ray. Mr. Gamble's term will be from November 2, 1993 to March 3, 1999. Motion Carried.

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STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 24 at Page No. 265.

Given under my hand and the seal of said Commission this 25th day of March, 19 94.

Terry J. Payne, Clerk  
Webster County Commission

RE: RE APPOINTMENT, CLAUD E. GREENE, MEMBER, COHEN PUBLIC SERVICE DISTRICT

On motion of Guy D. Gillespie and seconded by Larry A. Family, Claud E. Greene was re-appointed as a member of the Cohen Public Service District for a term of two (2) years, which term will begin January 15, 1994 until January 15, 1996. Motion carried.

\*\*\*\*\*

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 24 at Page No. 310.

Given under my hand and the seal of said Commission this 5th day of April, 1994.

Terry J. Payne, Clerk  
Webster County Commission



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# OATH

State of West Virginia, County of Webster SS:

I, C. L. Henderson, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District,  
2 Year Term, July 1, 1992 to June 30, 1994.  
to the best of my skill and judgment, so help me God.

C. L. Henderson

Subscribed and sworn to before the undersigned, this the 28th day  
of July, 19 92

Terry J. Payne

Clerk County Commission, Webster County, W. Va.

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Official Bond Book No. 7 at Page No. 446.

Given under my hand and the seal of said Commission this 25th day of March, 1994.

Terry J. Payne, Clerk  
Webster County Commission

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# OATH

State of West Virginia, County of Webster SS:

I, James L. Gamble, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District, Unexpired  
Term begins November 2, 1993 to March 3, 1999,  
to the best of my skill and judgment, so help me God.

*James L. Gamble*

Subscribed and sworn to before the undersigned, this the 9th day  
of November, 1993.

*Terry J. Payne*

Clerk County Commission, Webster County, W. Va.

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Official Bond Book No. 7 at Page No. 489.

Given under my hand and the seal of said Commission this 25th day of March, 1994.

Terry J. Payne, Clerk  
Webster County Commission

OATH

State of West Virginia, County of Webster ss:

I, Claud E. Greene, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District, Term beginning on January 15, 1994 and ending January 15, 1996, to the best of my skill and judgment, so help me God.

Claud E. Greene

Subscribed and sworn to before the undersigned, this the 5th day of April, 1994

Terry J. Payne

Clerk County Commission, Webster County, W. Va.

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Official Bond Book No. 7 at Page No. 495.

Given under my hand and the seal of said Commission this 5th day of April, 1994.

Terry J. Payne, Clerk  
Webster County Commission



RULES OF PROCEDURE  
COWEN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: COWEN PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at First Street, Cowen, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Cowen 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 Webster 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 Friday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

### PUBLIC NOTICE OF MEETINGS

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

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Webster 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 Webster County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front

doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

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

COWEN PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

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

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

2.

\_\_\_\_\_  
Secretary

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

ARTICLE V

OFFICERS

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

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

3.

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

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

## ARTICLE VII

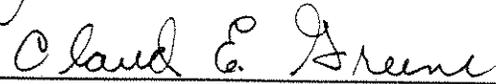
### AMENDMENTS TO RULES OF PROCEDURE

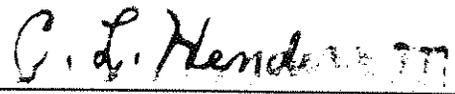
These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but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

to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

Adopted: March 4, 1994.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member

  
\_\_\_\_\_  
Member

02/23/94  
CWNC.D3  
19304/93001



- NOTICE  
**COWEN PUBLIC SERVICE DISTRICT  
WEBSTER COUNTY, WEST VIRGINIA  
SEWER REVENUE BONDS (SRF)**

NOTICE IS HEREBY GIVEN to the residents of Cowen Public Service District ("District"), Webster County, West Virginia, that the District intends to acquire, construct, operate and maintain certain public service properties, consisting of replacement of approximately 10,000 lineal feet of existing sewage collectors and interceptors and installation of a new brush rotor and television inspection of approximately 25,000 feet of collection interceptor lines and appurtenant facilities (the "Project") in the District.

The District contemplates financing the Project through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not to exceed \$300,000 (the "Bond"), bearing interest at a rate not to exceed 12% per annum and with maturities not to exceed 40 years. The estimated cost of the Project is \$1,200,000, which will be provided by the proceeds of the Bonds and a grant from the Economic Development Authority.

The anticipated rate which will be charged by the District for sewer service are estimated not to exceed the following

**RATES**

First 2,000 gallons at \$4.72 per 1,000 gallons  
Next 10,000 gallons at \$3.04 per 1,000 gallons  
Next 10,000 gallons at \$2.56 per 1,000 gallons  
Next 10,000 gallons at \$2.17 per 1,000 gallons  
Next 10,000 gallons at \$1.81 per 1,000 gallons  
Over 42,000 gallons at \$1.78 per 1,000 gallons

Minimum Charge for 2,000 gallons per month \$9.44

**DELAYED PAYMENT PENALTY**

The above tariff is net. On all accounts not paid in full within 20 days of the date of the bill 10% will be added on to the net amount shown.

**CONNECTION CHARGE**

Prior to construction--\$250.00

After the start of construction, there shall be a charge of \$250.00 for connection to the system.

**RECONNECTION CHARGE**

\$10.00

On August 17, 1993, or as soon thereafter as practicable, the District will file its formal application for Certification of Public Convenience and Necessity for the acquisition and construction of the Project with the Public Service Commission of West Virginia.

*James V. Ray*  
**Chairman, Public Service Board,  
Cowen Public Service District  
ER 6-9-2tc**

AFFIDAVIT

STATE OF WEST VIRGINIA.

COUNTY OF WEBSTER, to-wit:

I, D. Boyd Dotson, Jr., a publisher of the Webster Echo, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and of general circulation in that area, the said Webster Echo being a newspaper of opposite politics of the Webster Republican, being first duly sworn, do hereby depose and say that the hereto annexed Notice

was duly published in said paper for TWO consecutive weeks commencing June 9, 1993 and ending June 16, 1993

and that said notice was likewise posted on the front door of the Webster County Court House in Webster Springs, West Virginia for a period beginning

and extending beyond the

I do further depose and say that said Notice

contained 855 words and that the publisher's fee was therefore \$74.81

Given under my hand this 17th day of June, 1993

*D. Boyd Dotson Jr.*

Taken, sworn to and subscribed before me in my state and county

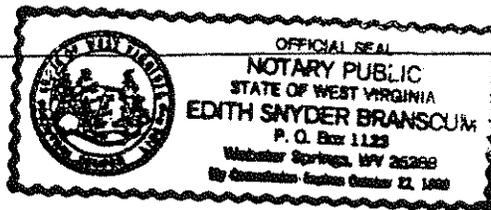
aforesaid this 17th day of June, 1993

*Edith Snyder Branscum*  
Notary Public

10/22/99  
My commission expires

Attorney

Code 59-3-4



**NOTICE**  
**COWEN PUBLIC SERVICE DISTRICT**  
**WEBSTER COUNTY, WEST VIRGINIA**  
**SEWER REVENUE BONDS (SRF)**

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The anticipated rate which will be charged by the District for sewer service are estimated not to exceed the following:

**RATES**  
First 2,000 gallons at \$4.72 per 1,000 gallons  
Next 10,000 gallons at \$3.04 per 1,000 gallons  
Next 10,000 gallons at \$2.56 per 1,000 gallons  
Next 10,000 gallons at \$2.17 per 1,000 gallons  
Next 10,000 gallons at \$1.81 per 1,000 gallons  
Over 42,000 gallons at \$1.78 per 1,000 gallons

Minimum Charge for 2,000 gallons per month \$9.44

**DELAYED PAYMENT PENALTY**

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Prior to construction--\$250.00  
After the start of construction, there shall be a charge of \$250.00 for connection to the system.

**RECONNECTION CHARGE**

\$10.00

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*James V. Ray*  
**Chairman, Public Service Board,**  
**Cowen Public Service District**  
ER 6-9-2tc

AFFIDAVIT

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

I, Elizabeth Tracy, Editor of the Webster Publishing Company, a corporation, publisher of the Webster Republican, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and of general circulation in that area, the said Webster Republican being a newspaper of opposite politics of the Webster Echo, being first duly sworn, do hereby depose and say that the hereto annexed Notice

was duly published in said paper for Two consecutive weeks commencing June 9, 1993 and ending June 16, 1993

and that said notice was likewise posted on the front door of the Webster County Court House in Webster Springs, West Virginia for a period beginning \_\_\_\_\_ and extending beyond the \_\_\_\_\_

I do further depose and say that said Notice contained 855 words and that the publisher's fee was therefore \$74.81

Given under my hand this 17th day of June, 1993

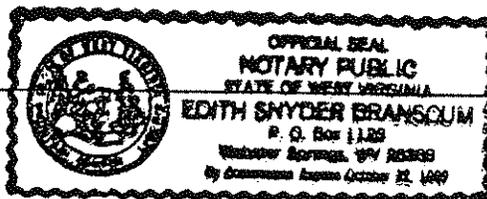
Elizabeth Tracy

Taken, sworn to and subscribed before me in my state and county aforesaid this 17th day of June, 1993

Edith Snyder Branscum

Notary Public

10/22/99  
My commission expires \_\_\_\_\_



Attorney



The Cowen Public Service District held their regular monthly meeting on Friday, January 7th, 1994 at 4pm at the CPSD office. Present were: C.L. Henderson, C.E. Greene, James Gamble, Richard Wayne, and Virginia Fletcher.

The minutes of the previous meeting were read and approved. (Motion for approval was made by Claud Greene and seconded by Jim Gamble.)

Jim further questioned the title to the CPSD building. Claud explained why the CPSD moved to the present building. County Commissioner, Frank Ayers pushed the CPSD to move here and the CPSD is to get a title for only \$1.00.

Jim asked if Mr. Mustoe had returned the contract. Richard said he had not because he had some question about the rock. Mr. Mustoe thought the CPSD would take care of any rock. This must be done by a licensed individual and Richard said he'd be willing to get his license.

The matter was discussed about getting a leak detection system. Richard said he needed one. Jim asked the cost. Richard said around ~~\$13000~~ to ~~\$17000~~. Jim asked how often this system would be used and Richard said it varies but would be a preventive measure. After further discussion Mr. Gamble motioned, "we purchase a leak detector when Richard finds what he wants." The motion was seconded by Claud Greene. Motion passed.

Mr. Gamble inquired about the notice he saw in the paper where the West Virginia Water Company is increasing water rates. He wondered if this would raise our water rates. The other board members explained to him this was a different system and would not affect the CPSD.

A letter was shown to the board members from Pentree, Incorporated in regard to the new sewage equipment update. Jim asked if the deletions would short change the system. Richard said it would slightly, but it would meet compliance.

A discussion was held on the property expansion around the sewage plant. Richard enlightened the members as to the land owners response to the expansion. He foresaw no major problems. Only one land owner in the vicinity raised some question. The response of the other land owners seemed willing to help the CPSD.

The members looked over the list of bills to be paid. After some discussion, the motion was made by Mr. Gamble to pay the bills and seconded by Claud Greene. Motion to pay the bills was passed.

Mr. Gamble inquired as to a policy which might be in effect that the board not hire relatives of the board members. He said he served on another board that handles public money and that was their policy. A discussion ensued on the matter and pros and cons were discussed. Mr. Gamble motioned that no employee be hired that is related to a board member of the CPSD. After his first motion, Mr. Gamble had a second thought and said since we lived in a small area it would be hard to find someone not related in some way. He said this might create a problem if he stated the motion so

broadly. Mr. Greene also pointed out that this should be effective as of today. Mr. Gamble and Mr. Henderson agreed to this matter. Mr. Gamble then restated his motion and made it more specific. He then stated: "No employee be hired that is a member of the immediate family of a CPSD board member - mother, father, sister, brother, son or daughter - effective today, January 7, 1994." This motion was seconded by Claud Greene and the motion passed.

The need for qualified plant operators with state license was discussed. Mr. GAMBLE made a motion two people be sent to class to get their operators license, ( one for first class, and one for second class), when the 1994 schedule is announced . This motion was seconded by Claud Greene and the motion passed.

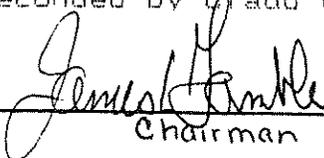
Mr. Gamble suggested a running record be kept of Ronnie Ray's absences due to the fact it is affecting the operation of the CPSD. Mr. Gamble motioned as of today, January 7, 1994 an evaluation ( probation), of his employment be made for two months. At the end of this 2 month period, a decision must be made as to whether he stays on or not. This was seconded by Claud Greene and the motion was passed.

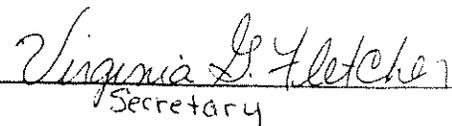
C.L. Henderson said his chairmanship was temporary and nominated James Gamble to take over the chairman position. This motion was seconded by Claud Greene. Mr. Gamble accepted the position and was moved in as chairman effective immediately. A resolution was passed giving Jim Gamble authority to sign all CPSD Papers.

Discussion was held on the water bills not paid. Jim asked how many months can people go without paying their bills. Richard said three months and Claud said Richard is the one that is authorized to turn off the water. Some people in town do not have a meter and this was to be temporary. It was brought up that Howard Blyver had a direct line and this was to be corrected. Richard is to put a meter on there as soon as possible.

Richard discussed a problem he was having with Circle Brook. Maintenance of private sewage for the complex is creating a problem. Nan Boggs called the Health Department that the CPSD was creating a health problem. There is no contract and the CPSD was helping Circle Brook through courtesy but it is a private sewage plant. Jim asked who maintained the plant and Richard said the CPSD has been doing it as a courtesy. Richard recommended a bill be sent for services rendered since this is a private complex. No deed has been given to CPSD and the pumps have aged and are now creating problems. This is in turn creating problems between Circle Brook and the CPSD. Jim recommended a bill be sent but write a letter to the owner inquiring as to the maintenance agreement clarification. The letter needs to state the CPSD will have to charge for maintenance and service.

The motion to adjourn was made by C.L. Henderson and seconded by Claud Greene. The meeting was adjourned.

  
Chairman

  
Secretary

The Cowen Public Service District held it's regular monthly meeting on Friday, February 4, 1994 at 4 pm at the CPSD office. Present for the meeting were: James Gamble, Claud Greene, C.L. Henderson, Richard Wayne and Virginia (Ginger) Fletcher.

The meeting was called to order and the minutes were read and approved as corrected. ( There was a typographical error on the price of leak detection systems and it read "from \$13,000 - \$17,000". It was corrected to read - "from \$1,300 - \$1,700".) The motion to approve the corrected minutes was made by Claud Greene and seconded by C.L. Henderson. The motion carried.

Discussion was held on the Upper Glade expansion and the rock problems. CPSD will be willing to compensate Richard for any cost he would have in getting his liscense to shoot the rock.

A letter was read from American Management Company in response to the Circle Brook Manor problem. Discussion ensued. Jim said prior administration was willing to help Circle Brook to maintain their sewage but this was in 1982. Jim pointed out that this was 12 years ago and equipment must be updated as it wears out. CPSD is not responsible for private property as Circle Brook Manor. Mr. Gamble recommended CPSD maintain water and sewage for Circle Brook as it does for all paying customers. However, the lift station is not maintained by CPSD on private property, so Jim recommended a letter be sent back to American Management Company and ask for a contract for:

1. checking the lift station
2. repairing general maintenance

All board members were in agreement with this suggestion. It was also suggested by Richard that the Public Service Commission could rule on this and he would call and check on it.

✓ Mr. Henderson moved that Shirley Tracy Houba be the Treasurer for the CPSD, and Mr. Greene seconded the motion. Motion carried.

The West Virginia State Board of Risk and Insurance Management wants to draw funds directly from the CPSD bank account. Mr. Gamble explained this to the board and made the recommendation to have this done.

Action to pay bills was reviewed. One bill from Consolidated Freight for \$1,070.20 was for a rotor and Richard said it should not come out of CPSD funding since it was for the contractor. Also, the bill for preparation for the rate increase in the amount of \$3,500.00 is to be put on hold until CPSD checks to see if it is responsible for it. C.L. Henderson made motion to pay all bills not in question. Mr. Greene seconded the motion. Motion passed.

Letters for the expansion project were reviewed by the board members. Various questions the members had were addressed.

Shirley needs to call W.D. Smith and inquire about written certification by CPA for CPSD which was mentioned in the letter from Jackson and Kelly.

Mr. Gamble discussed a visit from Ronnie Ray in which Ronnie inquired about being docked in his pay for Martin Luther King, Jr. Day. The board discussed payment of employees for holiday pay. Mr. Gamble suggested the board work up a written policy. A discussion further ensued. Mr. Gamble motioned any employee off sick not be paid for a holiday that falls within the illness period. This was seconded by Claud Greene and the motion carried.

Mr. Gamble motioned an employee be docked for a holiday if he is off sick the workday prior to or the workday following the holiday, effective immediately. This was seconded by Claud Greene and motion carried.

Mr. Gamble inquired as to the legality of holding jobs for employees who are off for an extended period of time. Jim pointed out a policy needs to be made that any employee for CPSD should have a doctor's slip when returning to work after an illness. A release statement is needed with a date and signed by a doctor as well as stating what the illness was. Mr. Greene put this in the form of a motion and Mr. Henderson seconded it. Motion carried.

C.L. Henderson made the motion that the meeting be adjourned. This motion was seconded by C.E.Green. The meeting was adjourned.

James L. ...  
Chairman

Virginia G. Fletcher  
Secretary

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

I, VIRGINIA FLETCHER, SECRETARY of the Public Service Board of Cowen 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 Cowen Public Service District met in regular session, pursuant to notice duly posted, on the 4th day of April, 1994, in Cowen, West Virginia, at the hour of 4:00 p.m.

PRESENT: James Gamble	-	Chairman and Member
Claud E. Greene	-	Member
C. L. Henderson	-	Member
Virginia Fletcher	-	Secretary
Shirley Houba	-	Treasurer
Richard Wayne	-	Manager
Howard Blyler	-	District's Attorney

ABSENT: None.

James Gamble, Chairman, presided, and Virginia Fletcher, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, on motion of C. L. Henderson, seconded by Claud Greene, Virginia Fletcher was elected as Secretary of the Public Service Board of Cowen Public Service District for 1994.

190

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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.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary

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 6th day of April, 1994.

  
Secretary, Cowen Public Service District,  
Public Service Board

04/05/94  
CWNC.Z1  
19304/93001



COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND AND NOTES  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, VIRGINIA FLETCHER, SECRETARY of the Public Service Board of Cowen 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 Cowen Public Service District met in regular session, pursuant to notice duly posted, on the 4th day of April, 1994, in Cowen, West Virginia, at the hour of 4:00 p.m.

PRESENT: James Gamble	-	Chairman and Member
Claud E. Greene	-	Member
C. L. Henderson	-	Member
Virginia Fletcher	-	Secretary
Shirley Houba	-	Treasurer
Richard Wayne	-	Manager
Howard Blyler	-	District's Attorney

ABSENT: None.

James Gamble, Chairman, presided, and Virginia Fletcher, acted as Secretary.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$268,500 IN

AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$250,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; 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 NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of C. L. Henderson, seconded by James Gamble, it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), OF COWEN PUBLIC SERVICE DISTRICT; RATIFYING 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.

and caused the same to be read and there was discussion. Thereupon, on motion of C. L. Henderson, seconded by James Gamble, 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.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary

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 6th day of April, 1994.

  
Secretary, Cowen Public Service District,  
Public Service Board

04/05/94  
CWNC.Q3  
19304/93001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

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, SUITE 301  
HAGERSTOWN, MARYLAND 21740-0570  
(301) 739-6600  
FACSIMILE (301) 739-6742  
WRITER'S DIRECT DIAL NUMBER

April 6, 1994

Cowen Public Service District  
Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

*Step toe & Johnson*

STEPTOE & JOHNSON

Enclosure

Copy of letter with enclosure to:  
Samme L. Gee, Esquire  
Howard J. Blyler, Esquire

02/02/94  
8038.L01  
19304/93001

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>Cowen Public Service District</b>	2 Issuer's employer identification number <b>55 0493886</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>P. O. Box 457</b>	Room/suite
5 City, town, state, and ZIP code <b>Cowen, West Virginia 26206</b>	4 Report number <b>G1994 - 1</b>
7 Name of Issue <b>Cowen Public Service District, Combined Waterworks and Sewerage Revenue Bonds, Series 1994 (WV SRF Program)</b>	6 Date of issue <b>4/6/94</b>
	8 CUSIP Number <b>N/A</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)**

9 <input type="checkbox"/> Education (attach schedule—see instructions)	Issue price
10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions)	\$
11 <input type="checkbox"/> Transportation	
12 <input type="checkbox"/> Public safety	
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	<b>268,500</b>
14 <input type="checkbox"/> Housing	
15 <input type="checkbox"/> Utilities	
16 <input type="checkbox"/> Other. Describe (see Instructions) ▶	
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.	<b>12/1/2014</b>	<b>3 %</b>	<b>\$ 4,442</b>	<b>\$ 4,442</b>			
20 Entire issue			<b>268,500</b>	<b>268,500</b>	<b>11.115 years</b>	<b>3.01125%</b>	<b>3 %</b>

**Part IV Uses of Original Proceeds of Bond Issue (including underwriters' discount)**

21 Proceeds used for accrued interest	<b>21</b>	-0-
22 Issue price of entire issue (enter amount from line 20, column (c))	<b>22</b>	268,500
23 Proceeds used for bond issuance costs (including underwriters' discount)	<b>23</b>	11,000
24 Proceeds used for credit enhancement	<b>24</b>	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	<b>25</b>	-0-
26 Proceeds used to refund prior issues	<b>26</b>	-0-
27 Total (add lines 23 through 26)	<b>27</b>	11,000
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	<b>28</b>	257,500

**Part V Description of Refunded Bonds (complete this part only for refunding bonds)** N/A

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ \_\_\_\_\_ years

30 Enter the last date on which the refunded bonds will be called ▶ \_\_\_\_\_

31 Enter the date(s) the refunded bonds were issued ▶ \_\_\_\_\_

**Part VI Miscellaneous**

32 Enter the amount of the state volume cap allocated to the issue ▶ \_\_\_\_\_ -0-

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ \_\_\_\_\_ -0-

34 Pooled financings:

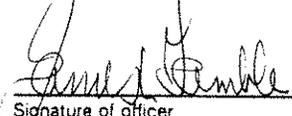
a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ \_\_\_\_\_ -0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box  and enter the name of the issuer ▶ \_\_\_\_\_ and the date of the issue ▶ \_\_\_\_\_

35 If the issuer has elected to pay a penalty in lieu of rebate, check box

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

  
 Signature of officer

April 6, 1994  
 Date

James Gamble, Chairman  
 Type or print name and title



WV MUNICIPAL BOND COMMISSION  
Suite 337 Building 3  
1800 Washington St. E  
State Capitol Complex  
Charleston, WV 25305  
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: April 6, 1994

(See Reverse for Instructions)

Cowen Public Service District, Combined Waterworks and Sewerage System	
ISSUE: Revenue Bonds, Series 1994 (West Virginia SRF Program)	
ADDRESS: <u>P. O. Box 457, Cowen, West Virginia 26206</u>	COUNTY: <u>Webster</u>
PURPOSE: <u>New Money</u> <input checked="" type="checkbox"/> <u>X</u>	
OF ISSUE: <u>Refunding</u> <input type="checkbox"/> Refunds issue(s) dated: _____	
ISSUE DATE: <u>April 6, 1994</u>	CLOSING DATE: <u>April 6, 1994</u>
ISSUE AMOUNT: <u>\$ 268,500</u>	RATE: <u>3%</u> <u>LAST 12/1/2014</u>
1st DEBT SERVICE DUE: <u>3/1/95</u>	1st PRINCIPAL DUE: <u>3/1/95</u>
1st DEBT SERVICE AMOUNT: <u>\$4,475.75</u>	PAYING AGENT: <u>Municipal Bond Commission - D&amp;P</u>
<b>ISSUERS</b>	
BOND COUNSEL: <u>Steptoe &amp; Johnson</u>	UNDERWRITERS
Contact Person: <u>Vincent A. Collins, Esq.</u>	BOND COUNSEL: <u>Jackson &amp; Kelly</u>
Phone: <u>624-8161</u>	Contact Person: <u>Samme L. Gee, Esq.</u>
	Phone: <u>340-1318</u>
CLOSING BANK: <u>One Valley Bank of Summersville</u>	ESCROW TRUSTEE: _____
Contact Person: <u>Glenn H. McMillion</u>	Contact Person: _____
Phone: <u>872-3131</u>	Phone: _____
<b>KNOWLEDGEABLE ISSUER CONTACT</b>	
Contact Person: <u>James Gamble</u>	OTHER: _____
Position: <u>Chairman</u>	Contact Person: _____
Phone: <u>226-3541</u>	Function: _____
	Phone: _____
<b>DEPOSITS TO MBC AT CLOSE:</b>	
By <input type="checkbox"/> Wire	Accrued Interest: \$ _____
<input type="checkbox"/> Check	Capitalized Interest: \$ _____
	Reserve Account: \$ _____
	Other: \$ _____
<b>REFUNDS &amp; TRANSFERS BY MBC AT CLOSE:</b>	
By <input type="checkbox"/> Wire	To Escrow Trustee: \$ _____
<input type="checkbox"/> Check	To Issuer: \$ _____
<input type="checkbox"/> IGT	To Cons. Invest. Fund: \$ _____
	To Other: \$ _____
NOTES: _____	
_____	
_____	
<b>FOR MUNICIPAL BOND COMMISSION USE ONLY:</b>	
DOCUMENTS	
REQUIRED: _____	
TRANSFERS	
REQUIRED: _____	
_____	



COWEN PUBLIC SERVICE DISTRICT

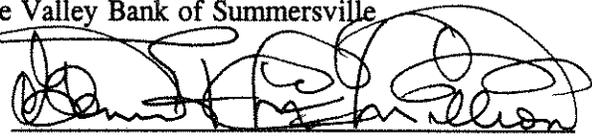
Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

One Valley Bank of Summersville, a state banking corporation, with its principal office in Summersville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution and a Supplemental Resolution of Cowen Public Service District (the "Issuer"), both adopted April 4, 1994 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, in the principal amount of \$268,500 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

Dated this 6th day of April, 1994.

One Valley Bank of Summersville

By 

Its Executive Vice President

03/17/94  
CWNC.S2  
19304/93001



COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, in the principal amount of \$268,500 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.

Dated this 6th day of April, 1994.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION

By Charlotta Mergoe  
Its Corporate Trust Administrative  
Officer

03/16/94  
CWNC.T2  
19304/93001



COWEN PUBLIC SERVICE DISTRICT

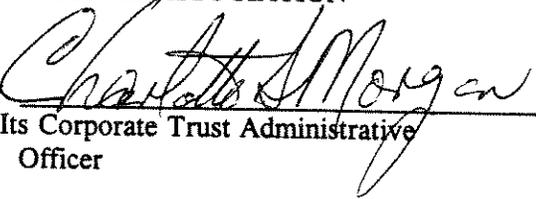
Combined Waterworks and Sewerage System Revenue Bonds,  
Series 1994  
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of Cowen Public Service District (the "Issuer"), hereby certify that on the 6th day of April, 1994, the single fully registered Series 1994 Bond of the Issuer, in the principal amount of \$268,500, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1994 (West Virginia SRF Program)," numbered R-1, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 6th day of April, 1994.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION

By   
Its Corporate Trust Administrative  
Officer

03/16/94  
CWNC.U2  
19304/93001



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of April, 1994, by and between COWEN 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 \$268,500 Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond and Notes Resolution adopted April 4, 1994, and a Supplemental Resolution adopted April 4, 1994 (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: Cowen Public Service District  
P. O. Box 457  
Cowen, West Virginia 26206  
Attention: Chairman

REGISTRAR: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, COWEN PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

COWEN PUBLIC SERVICE DISTRICT

By Ames L. Simble  
Its Chairman

ONE VALLEY BANK,  
NATIONAL ASSOCIATION

By Charlotte Morgan  
Its Corporate Trust Administrative  
Officer

03/16/94  
CWNC.V2  
19304/93001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

**Invoice**

**ONE VALLEY  
BANK**

┌ MR. JAMES GAMBLE, CHAIRMAN  
COWEN PUBLIC SERVICE DISTRICT  
P O BOX 457  
COWEN WV 26206  
└

DATE APRIL 6, 1994

UNITS	ITEM DESCRIPTION	TOTAL
	COWEN PUBLIC SERVICE DISTRICT COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM)  ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	\$500.00

SEND REMITTANCE TO: One Valley Bank  
One Valley Square  
P.O. Box 1793  
Charleston, WV 25326

Attn: CHARLOTTE S. MORGAN



APR 3 1938

DIRECT LOAN - PUBLIC SERVICE DISTRICT

COWEN PUBLIC SERVICE DISTRICT  
WEBSTER COUNTY, WEST VIRGINIA

A RESOLUTION OF THE BOARD OF THE COWEN PUBLIC SERVICE DISTRICT, WEBSTER COUNTY, WEST VIRGINIA, AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A COMBINED WATER DISTRIBUTION AND SEWAGE COLLECTION AND TREATMENT SYSTEM WITHIN THE SAID DISTRICT, AND, TO THAT END, AUTHORIZING THE ISSUANCE OF A REVENUE BOND IN THE PRINCIPAL AMOUNT OF \$260,000.00, PROVIDING FOR THE PAYMENT OF SAID BOND AS TO PRINCIPAL AND INTEREST, AND ESTABLISHING THE SECURITY THEREFOR, AND FOR OTHER PURPOSES.

WHEREAS, the Cowen Public Service District, (hereinafter sometimes called the "District") in Webster County, West Virginia, has heretofore been duly created and is now organized and operating under the provisions of West Virginia Code, Chapter 16, Article 13A, and the Board of said District has heretofore been appointed and approved by the County Court of Webster County, West Virginia, and are now functioning as the governing body of said District, having the duties, powers and authority as provided by said law, and,

WHEREAS, the Public Service Board of said District, (hereinafter sometimes called the "Board") has heretofore determined the necessity and advisability of constructing a combined water distribution and sewage collection and treatment system within said District in order to supply adequate water and sewage treatment and collection facilities for said District and its inhabitants for agricultural, industrial, public and private uses; and,

WHEREAS, under the provisions of said West Virginia Code, Chapter 16, Article 13A, said District is authorized and empowered to construct and operate such Waterworks and Sewage Collection and Treatment System (hereinafter referred to as "the System"), and to issue a revenue bond payable as hereinafter provided from the revenues derived from such operation for the purpose of providing funds for such construction; and,

WHEREAS, the District has been approved for a development grant from the Economic Development Administration in the amount of \$1,040,000.00 and desire and intend that provisions be made in and by this resolution for the issuance of a revenue bond in the amount of \$260,000.00 which will be used with the grant funds to pay the costs of "The System", and to provide for the payment of said bond and interest thereon and to set forth the conditions and restrictions upon which such bond and any additional bonds ranking on a parity therewith are to be and may be issued and outstanding; and,

WHEREAS, the District is unable to obtain sufficient credit elsewhere to finance "The System," taking into consideration prevailing private and cooperative rates and terms currently available;

NOW, THEREFORE, IT IS HEREBY RESOLVED  
By the Board of the Cowen Public Service District of Webster  
County, West Virginia as follows:

Section 1. Necessity. It is hereby found to be necessary that Cowen Public Service District secure financing for construction.

of "The System" which will be comprised of a 300,000 gallon steel reservoir with attending pumps, valves and other equipment and distribution lines and appurtenances necessary thereto for the distribution of water and collection and interceptor lines, lift stations and a 125,000 G.P.D. with fifty (50%) percent overload waste treatment plant and appurtenances necessary thereto, as set forth with particularity in plans prepared by Community Consultants, Inc., Consulting Engineers, a copy of which is on file in the office of the District.

Section 2. Ratification. That all action heretofore taken (not inconsistent with the provisions of this resolution) by the Board directed toward construction of "the system" and toward the issuance of District's revenue bond for that purpose, be, and the same hereby is, ratified, approved, and confirmed.

Section 3. Authorization of The System. That the construction of "the system" to serve the District shall be, and the same is hereby ordered to be undertaken at a total cost not exceeding \$1,300,000.00 to be defrayed in part with the proceeds of the District's single revenue bond issued pursuant to this resolution.

Section 4. (a) Authorization of Revenue Bond. For the purpose of defraying the costs of constructing "the system", it is hereby declared necessary that the Board make and issue, and there is hereby authorized to be issued, pursuant to the applicable provisions of Article 13A, Chapter 16, of the West Virginia Code of 1961, and amendments thereto, one fully registered Series A bond without coupons, bearing interest at a rate not to exceed 4.125% annum, payable annually, in the principal amount of \$260,000.

in substantially the form hereinafter set forth in Section 9 of this resolution, payable both as to principal and interest solely out of the net income derived from the operation of "the system," and the Board pledges irrevocably, but not necessarily exclusively, such net income to the payment of this bond and the interest thereon, the proceeds thereof to be used solely for the purpose of constructing "the system."

(b) Enforcement Rights of Holder. The holder of the bond shall have the right by suit, action, mandamus or other appropriate proceeding to compel performance of the duties undertaken by the District in connection with the issuance of the bond and the duties of the District imposed by Chapter 16, Article 13A, Section 17, West Virginia Code of 1931, as amended.

(c) Tax Exemption. The bond and interest thereon shall be exempt from the taxation by the State of West Virginia and other taxing bodies of that State (Article 13A, Section 21, Chapter 16, West Virginia Code of 1961).

Section 5. Revenue Bond Registration. The bond is fully negotiable, but shall be registered in the name of the holder in a book maintained for that purpose in the office of the Secretary of the Public Service Board of the District, such registration being noted thereon by the Secretary as Bond Registrar, after which no transfer shall be valid unless made on said books and similarly noted on the bond. No charge shall be made for registration.

(a) In the event the Government shall make payment of insurance premiums or other advances which may be required to protect the Government's security interest, the Board will

pay in addition to the interest of the unpaid bond, interest on all such advances or expenditures in connection therewith made by the Government, at the same per annum rate specified in the bond. All such advances, expenditures and interest thereon shall be deemed payable upon demand immediately after any such expenditure by the Government. Any such amounts due the Government by the Board shall take priority over any other payments from the Bond Fund payments set forth in Section 13B hereof.

(b) It will take any and all such action as may be requested by the Government and it will execute such other agreements and instruments as the Government may from time to time prescribe to enable the Government to discharge its responsibilities as insurer and collection agent for the holder of the bond insured by the Government; and

(c) If at any time it shall appear to the Government that the Board is able to call for redemption or refund the bond by obtaining a loan for such purpose from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, or by other means, the Board will, upon request of the Government, redeem, refund, or apply for and accept such loan in sufficient amount to repay the Government or the holder of the bond, or both, and will take all action as may be required in connection with such redemption or refund.

Section 6. Covenants Pertaining to Government Insurance.

This resolution contemplates a direct loan, and there are no covenants pertaining to insurance.

Section 7. Execution. The revenue bond shall be signed by the Chairman of the Board, sealed with the corporate seal of the District, and attested by the Secretary of the Board.

Section 8. Security. The revenue bond shall be secured by a statutory mortgage lien on "the System" as provided by Chapter 16, Article 13A, West Virginia Code. The revenues of "the System," including all additions, extensions, improvements, and replacements thereof and thereto, are pledged to the Bond Fund hereinafter established after there have been first paid from such revenues the current expenses of the District.

Section 9. Revenue Bond Form. The bond issued and sold pursuant to this resolution shall be in substantially the following form:

Section 10. Disposition of Revenue Bonds Proceeds.

A. Construction Account. That the proceeds derived from the sale of the bond herein authorized, any grants received from the United States of American and any other funds received for acquiring and constructing "the System" shall be deposited promptly upon receipt thereof in a separate account in a bank or banks which are members of the Federal Deposit Insurance Corporation, designated by the Board, and approved by the Government, which account shall be known as the "Cowen Public Service District Revenue Bond Construction and Acquisition Account." At the time for the deposit of the funds in the bank, the Board, the bank, and the County Supervisor of the Farmers Home Administration at Sutton, West Virginia, shall execute a deposit agreement on Form FHA 402-1, "Deposit Agreement;" the construction account shall be a joint account and any withdrawal of funds therefrom shall be subject to the countersignature of the County Supervisor of the Farmers Home Administration pursuant to the terms of that agreement. The proceeds of the bond in excess of \$15,000.00 shall be secured by such bank in accordance with U. S. Treasury Circular No. 176 before such proceeds are deposited. The monies in the construction account, except as herein otherwise specifically provided, shall be used and paid out solely for the purpose of acquiring and constructing "the System" only upon warrants or checks drawn and signed by the Chairman of said District and its Treasurer and the countersignature of the FHA County Supervisor. No such warrant for any sum for any actual construction work or purchase of construction material.

pursuant to terms and provisions of construction contracts shall be issued until the Board has received engineering approval certifying that such sum is due and owing for work under such contracts, nor until the Board has adopted a resolution accepting such certificate and directing the drawing of such warrant or check. The designated approval shall be by the consulting engineer whose approval must be in the form of a written certificate stating that the payment therein approved is being made to pay for the materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved. Such certificates of approval shall be in appropriate form, shall be signed by the engineer or his duly accredited representative, and shall be filed with the Secretary of the Board prior to the time such payment or payments are authorized by resolution.

With respect to nonconstruction costs and expenses, such as purchase of land, easements, rights-of-way, legal fees, and other acquisition expenses, retirement of existing indebtedness, etc., no such warrant in payment thereof shall be issued except upon approval of the Board.

B. Disposition of Construction Account Residue. That when all work of constructing and purchasing "the System" shall have been completed in accordance with such plans and specifications and all amounts due therefor shall have been paid, the consulting engineer shall file with the depository bank a certificate so stating, thereupon (1) any funds representing a portion of the proceeds from the sale of the bond herein authorized remaining in the Construction

Account and any other funds remaining in the Construction Account, other than grant funds, shall be applied as extra payments on the Bond, and (2) Grant funds shall be disbursed in accordance with the grant agreement between the District and the Economic Development Administration.

Section 11. Fiscal Year. The fiscal year of the District shall begin on the first day of July in each year and shall end on the 30 day of June.

Section 12. Revenue Fund. That from and after the delivery of the bond hereby authorized, "the System," together with all future extensions and improvements, shall be operated as a self-liquidating undertaking on the basis of a fiscal year which shall correspond with this fiscal year of the District which now begins on July 1 and ends on June 30 and all revenue derived from the operation of "the system," including all future extensions and improvements, shall be deposited in a separate fund to be designated as the "Cowen Public Service District Revenue Fund," sometimes called the Revenue Fund, and shall be used only (1) to pay the principal of and the interest on the bond hereby authorized and to maintain reasonable reserves therefore, (2) to pay the cost of operation and maintenance of the system, and (3) to provide an adequate depreciation fund; and such revenue funds shall be sufficient at all times for the above purposes.

Section 13. Administration of Revenue Funds. That the sums in the Revenue Fund shall be set aside for, allocated and credited to, and deposited in the following separate accounts, which

are hereby created in the said fund by the District's Treasurer without further direction of or action by the Public Service Board of the Cowen Public Service District.

(A) Bond Fund. Into an account designated the "Combined Waterworks and Sewage System Bond and Interest Sinking Account" there shall be deposited each month a sum equal to at least one-twelfth (1/12th) of the amount of interest or principal or both on the Bond authorized hereby, as the same shall become due.

(B) Operation and Maintenance Fund. Into an account designated the "Combined Waterworks and Sewage System Operation and Maintenance Account" there shall be set aside and deposited each month a sufficient portion of the balance of the income and revenue remaining in the Revenue Fund to pay the reasonable and necessary current expenses of operating and maintaining "the system" for the current month.

(C) Reserve Fund. Into an account designated the "Combined Waterworks and Sewage System Bond Reserve Account" there shall be set aside and deposited each month the sum of \$300.00 until there is accumulated in that account the sum of \$30,000.00, after which no further deposits need be made into said account except to replace withdrawals. The Combined Waterworks and Sewage System Bond Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the waterworks system, and when necessary for the purpose of making

payments of principal and interest on the Bond hereby authorized in the event the amount on the Combined Waterworks and Sewage System Bond and Interest Sinking Account is insufficient to make such payments whenever disbursements are made from said account. Said monthly payments shall then be resumed until there is again accumulated the maximum amount of \$30,000.00, at which time payments shall be again discontinued.

(D) Fiscal Year Budget. Prior to June 1st of each year beginning June 1st, 1970, the Board will prepare a budget for the ensuing fiscal year of "the System" covering prospective revenues and receipts, operation and maintenance expenses, and deposits to be made during such fiscal year in the accounts set forth in Section 13(A) (B) (C). A copy of such budget will be forwarded promptly to the State Director of the Farmers Home Administration or other official designated by the Government and a copy will be made available to any holder of the bond who shall request the same.

Section 14. Additional Bonds.

A. Approval by Government. That the District shall not incur any additional indebtedness to be paid from a pledge of the revenues of "the System" without the prior written approval of the State Director of the Farmers Home Administration for the State of West Virginia, so long as any part of the bond issued under this resolution remains unpaid.

B. Limitations upon Issuance of Parity Obligations. That nothing in this resolution contained shall be construed in such manner as to prevent the issuance, but so long as the bond hereby authorized is held by the Government, with prior approval of the

State Director of the Farmers Home Administration, by the District of additional bonds or other obligations payable from the income or any revenues derived from the operation of "the System" and constituting a lien upon said revenues on a parity with, but not prior nor superior to, the lien of the bonds herein authorized, nor to prevent the issuance of bonds or other obligations refunding all or a part of the bonds herein authorized, provided, however, that the Board is not, and has not been, in default as to any payments required to be made in Section 13 hereof for a period of not less than twenty-four months immediately preceding the issuance of such additional bonds or other obligations, or if the bond herein authorized has not been issued and outstanding for a period of at least twenty-four months, for the longest period any of the bonds herein authorized have been issued and outstanding; and provided that before any such additional parity bonds or other parity obligations are authorized or actually issued, other than refunding bonds or other refunding obligations (unless any lien on any revenues of "the System" of the obligations refunded is subordinate to the lien of the bond herein authorized and the lien on revenues of "the System" of the refunding obligations is on a parity with the lien thereon of the bond herein authorized), the annual earnings derived from the operation of "the System" for the fiscal year immediately preceding the date of the issuance of such additional parity obligations shall have been sufficient to pay the costs of operation and maintenance of "the System" for said fiscal year, and, in addition, sufficient to pay an amount representing one hundred fifty per cent

(150%) of the average annual principal and interest requirements (herein referred to as the "debt service" requirements) on the then outstanding revenue bonds and other obligations of the District payable from the revenues of "the System"; and provided further, that the estimated average annual earnings of said System for the life of the then outstanding revenue bond and the proposed revenue bonds, all payable from the revenues of "the System," shall have been sufficient to pay the estimated average annual costs of operation and maintenance of "the System" for the life of both the then outstanding and the proposed revenue bonds, and, in addition, sufficient to pay an amount representing one hundred fifty per cent (150%) of the debt service requirements of the then outstanding revenue bonds combined with the debt service requirements of the proposed additional revenue bonds; provided, further, that the annual earnings derived from the operation of "the System" need not equal 150% of the debt service requirements of the outstanding and the proposed additional revenue bonds or other obligations in the event the Government is the purchaser or the insurer of any such additional bonds or obligations.

C. Certification and Estimation of Earnings. A written certification by a Certified Public Accountant that said earnings for the said fiscal year immediately preceding the new obligation, when ascertained as hereinafter provided, are sufficient to pay such amounts, shall conclusively be presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver said additional bonds and other obligations on a parity with the bond herein authorized. A necessary estimate of future earnings of "the System" shall be prepared by a consulting engineer.

D. Consideration of Additional Expenses. In determining whether or not additional parity bonds or other parity obligations may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in operation and maintenance expenses that will result from the expenditures of the funds proposed to be derived from the issuance and sale of the said bonds or other obligation.

E. Junior Obligations Permitted. Nothing herein contained shall be construed so as to prevent the District from issuing bonds or other obligations payable from the revenues of "the System" and having a lien thereon subordinate, inferior and junior to the lien of the bonds authorized to be issued by this resolution; provided, however, that so long as the bond authorized hereby is held by the Government prior written approval is obtained from the State Director of the Farmers Home Administration.

F. Superior Obligations Prohibited. Nothing herein contained shall be construed so as to permit the District to issue bonds or other obligations payable from the revenues of "the System" and having a lien thereon prior and superior to the bonds herein authorized to be issued.

Section 15. Refunding Bonds. That the provisions of Section 14 hereof are subject to the exception that if at any time after the bonds or other obligations herein or hereafter authorized, or any part thereof shall have been issued, the Board shall find it desirable to refund said bonds or other obligations, said bonds or other obligations or any part thereof, may be refunded (but only with the consent of the holder or holders thereof, unless the bonds or

other obligations have matured, or are then callable for prior redemption, and have been properly called), without changing the priority of the lien for the payment of the refunding obligations on the revenues of "the System," except as provided in Paragraph B of Section 14 hereof; and the refunding bonds or other obligations so issued shall enjoy complete equality of lien with the portion of said bonds or other obligations which is not refunded, if any there be; and the holder or holders of the refunding bonds or other obligations shall be subrogated to all the rights and privileges enjoyed by the holder or holders of the bonds or other obligations refunded thereby; provided, however, that if only a part of the outstanding bonds or other obligations is refunded, and if such bonds or other obligations are refunded in such manner that the interest rate thereof is increased or if any refunding obligation matures at an earlier date than the maturity date of the corresponding obligations refunded thereby then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of said obligation; and that the refunding bonds or other obligations shall either be sold for cash at not less than the par value and accrued interest, and the proceeds thereof shall be used to pay the obligations refunded, or if so permitted by law, and then only with the consent of the holder or holders of the obligations refunded, the refunding obligations shall be delivered dollar for dollar in exchange for the bonds or other obligations refunded.

Section 16. Protective Covenants. That the District hereby covenants and agrees with each and every holder of the bond issued hereunder:

A. Use of Bond Proceeds. That the District will proceed without delay, to acquire and construct "the System," as hereinabove provided.

B. Use Charges. That while the bond authorized herein remains outstanding and unpaid, the rates for all services rendered by "the System" to all consumers within or without the boundaries of the District shall be reasonable and just, taking into account and consideration the cost and value of "the System" and the proper and necessary allowance for the depreciation thereof and the amounts necessary for the retirement of the bond and other securities or obligations payable from the revenues of the system, the accruing interest thereon, the reserves therefor; and there shall be charged against all purchasers of service, such rates and amounts as shall be adequate to meet the requirements of this and the preceding sections hereof, and which shall be sufficient to produce revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repair, the principal of and interest on the revenue bond, and any other obligations payable from the revenues thereof, plus reserves therefor, all of which revenues derived from the operation of "the System" shall be subject to distribution in accordance with provisions of Section 13 and that no free service or facilities shall be furnished by "the System" to anyone.

C. Levy of Charges. That the District will, prior to the delivery of the Revenue Bond herein authorized, fix, establish and levy the rates and charges which are required by Section 16B hereof. No reduction in the initial rate schedule for "the System" may be

made unless:

(1) The District has fully complied with all of the provisions of Sections 12 and 13 of this resolution for at least the full calendar year immediately preceding such proposed reduction of the initial rate schedule; and

(2) The Reserve Fund provided in Section 13 has been built up <sup>to</sup> the required minimum reserve of \$30,000.00.

(3) The audit required to be made by the Certified Public Accountant by Section 16G of this resolution for the full fiscal year immediately preceding such proposed rate reduction discloses that the estimated revenues which would result from the proposed rate schedule will be sufficient to produce adequate revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repairs to "the System," the principal of and interest on the Revenue Bond, and any other obligations payable annually from the revenues of "the System", and provide payments for the reserve fund required by this resolution; and

(4) The prior written approval of the State Director of the Farmers Home Administration has been obtained, so long as the revenue bond issued hereunder is insured by the Government.

D. Efficient Operation. That the District will operate "the System," so long as the bond herein authorized is outstanding, will maintain "the System" in efficient operating condition and will make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure an economical and efficient operation at all times.

E. Records. That so long as the bond remains outstanding proper books of record and account will be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the system. Such books shall include (but not necessarily be limited to) monthly records showing:

- (1) The number of customers.
- (2) The total revenues received from charges to customers.
- (3) A detailed statement of the expenses of the system.

F. Right to Inspect. That any holder of the bond, or any duly authorized agent or agents of such holder, or representative of Farmers Home Administration, shall have the right at all times to inspect all records, accounts and data relating thereto, and to inspect the system and all properties comprising the system.

G. Audits. That the District further agrees that it will, within sixty days following the close of each fiscal year, cause an audit of such books and accounts to be made by a Qualified Public Accountant, showing the receipts and disbursements for the account of "the System," and that such audit will be available for inspection by any holder of the bond. Each audit, in addition to whatever matters may be thought reasonable, should include in detail the financial condition and records of the District and "the System", including the rates, number and type of connections and the status of the funds herein before created, and a list of the insurance policies in force at the end of the fiscal year, setting out as to each policy,

amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. All expenses incurred in the making of the audits and reports required by this section shall be regarded and paid as a maintenance and operation expense. The District agrees to furnish forthwith a copy of each of such audit and report to the State Director of the Farmers Home Administration and to any bond holder upon request after each such audit and report has been prepared, and that any such holder shall have the right to discuss with the accountant or person taking the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

H. Billing Procedure. That all bills for water service or facilities and/or sewage treatment service or facilities furnished by or through the system shall be rendered to customers monthly and shall be due on the date rendered. Ten percent (10%) shall be added to the net amount of each bill not paid in full within ten (10) days after the date of the bill; and in the event said bills for water service are not paid within sixty (60) days after the date rendered, water and water service shall be discontinued, and all rates and charges due shall be collected in a lawful manner. In the event said bills for sewage service are not paid within sixty (60) days after the date rendered, the District shall take such steps as set forth in Chapter 16, Article 13A, of the Code of West Virginia to enforce the lien as hereinafter set forth. The District shall have a lien on each lot or parcel of land served by "the System" for charges imposed for all service rendered by "the System." Notices of such liens shall be filed and

liens shall be enforced as provided by the laws of West Virginia.

I. Charges and Liens, Revenues and System. That from the revenues of "the System," the District will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon or in respect to said System, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of "the System;" and the District will not create or suffer to be created any lien or charge upon "the System" or upon the revenues therefrom except as permitted by this resolution, and it will make adequate provision to satisfy and discharge within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon "the System" or upon the revenues therefrom; provided, however, that nothing herein shall require the District to pay or cause to be discharged, or make provision for any such tax assessment, lien or charge before the time when payment thereof shall be due or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

J. Insurance. That the District, in its operation of "the System," will carry fire and extended coverage insurance, Workmen's Compensation insurance, if required by State law, and public liability insurance and other types of insurance in such amounts and to such extent as is normally carried by private corporations operating public utilities of the same type. The cost of such insurance

shall be considered one of the operation costs of the system. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, any remainder shall be treated as net income, and shall be subject to distribution in the manner provided hereinabove in Section 13 hereof, for net income and revenues derived from the operation of the system.

K. Competing System. That as long as the bond hereby authorized is outstanding, the District shall not permit (except as it may legally be required to do so) any person, association, firm or corporation to distribute and sell domestic water, water service or facilities, or to provide sewage treatment and collection service or facilities to any consumer, public or private, within the area served by "the System."

L. Alienating System. That the District will not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, "the System," or any part thereof, including any and all extensions and additions that may be made there- to until the bond herein authorized to be issued shall have been paid in full, both principal and interest, except that so long as the bond is held by the Government, the District, with the prior written approval of the State Director of the Farmers Home Administration, may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of "the system," but in no manner nor to such extent as might prejudice the security for the payment of the bond herein authorized; provided, however, that in the event of any sale

as aforesaid, the proceeds of such sale shall be distributed as net income of the system in accordance with the provisions of Section 13 hereof.

M. Surety Bonds. That each official or other person having custody of any funds derived from operation of "the System" or responsible for their handling, shall be bonded for the full faithful performance of his duties in an amount at least equal to the total funds in his custody at any one time. The costs of each such bond shall be considered one of the operating costs of "the System". The surety company shall be approved by the Farmers Home Administration, and the United States of America shall be named as co-obligee.

N. Competent Management. That the District shall employ experienced and competent management personnel for "the System." In the event of default on the part of the District in paying principal of or interest on said bond promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of sixty days, or if the net revenues of the system in any fiscal year shall fail to equal at least the amount of the principal of and interest on the revenue bond and other obligations (including all reserves therefor specified in this resolution) payable from said net revenues in that fiscal year, the District shall retain a firm of competent management engineers skilled in the operation of water and sewage systems to assist the management of "the System" so long as such default continues or the net revenues are less than the amount hereinabove designated.

O. Performing Duties. That the District will faithfully and punctually perform all duties with respect to "the System" required by the Constitution and laws of the State of West Virginia and the resolution of the District, including but not limited to the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the system as hereinbefore provided, and the proper segregation of the revenues of "the System" and their application to the respective funds.

P. Other Liens. That other than as provided by this resolution, there are no liens or encumbrances of any nature whatsoever, on or against the System or the revenues derived or to be derived from the operation thereof, provided, however, "That in accordance with that certain Contract of Operation" entered into by the Town of Cowen and the Cowen Public Service District, there does exist outstanding water revenue bonds in the amount of \$62,142.75 which bonds will be retired from the proceeds of the grant from the Economic Development Administration and the loan from Farmers Home Administration.

Q. District's Existence. That the District will maintain its corporate identity and existence so long as any of the bonds herein authorized remain outstanding.

R. Completion Bonds. That in order to insure the completion of "the System," and to protect the holder of the bonds, the District will require that the contractor, to whom is given any contract for construction appertaining to "the System," furnish to the District a completion bond or bonds satisfactory to the District and

the Government, and that any sum or sums derived from such completion bond or bonds shall be used within six months after such receipt for the completion of said construction, and if not so used within such period, shall be placed in and be subject to the provisions of the Revenue Fund provided for herein.

Section 17. Events of Default. That each of the following events is hereby defined as an "event of default":

A. Nonpayment of Principal and/or Interest. If payment of any installment of principal and/or interest of the bond herein authorized to be issued shall not be made when the same shall become due and payable, or within 30 days thereafter.

B. Incapable to Perform. If the District shall for any reason be rendered incapable of fulfilling its obligations hereunder.

C. Default of any Provision. If the District shall make default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the bond and in this resolution on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default, and requiring the same to be remedied shall have been given to the District by the holder of the bond.

Section 18. Remedies for Defaults. That upon the happening and continuance of any of the events of default as provided in Section 17 of this resolution, then and in every case the holder of the bond may proceed against the District, its governing body, and its agents, officers and employees to protect and enforce the rights of the holder of the bond under this resolution by mandamus or

other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any power, legal or equitable remedy as may be deemed most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any such right or to require the governing body of the District to act as if it were the trustee of an expressed trust, or any combination of such remedies. Any receiver appointed in any proceedings to protect said rights, the consent to any such appointment being hereby expressly granted, may enter and take possession of "the System," operate and maintain the same, prescribe rates, fees or charges and collect, receive and apply all revenues arising after the appointment of such receiver in the same manner as the District itself might do. The failure so to proceed shall not relieve the District or any of its officers, agents or employees of any liability for failure to perform any duty. Each such right or privilege of the bondholder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any such right or privilege shall not be deemed a waiver of any other right or privilege thereof.

Section 19. Compensation of Board Members. The District hereby covenants and agrees that the total annual salaries to be paid to the members of its Board shall not exceed \$500.00, the said amount of \$500.00 to be allocated to the Board members by

resolution enacted by the Board. The District further covenants and agrees that the aggregate salaries paid to all employees shall not exceed the amount paid for similar work to employees of comparable water and sewage systems.

Section 20. Amendment of Resolution. That this resolution may be amended or supplemented by resolution adopted by the Board in accordance with the laws of the State of West Virginia, but not such amendment or supplement by way of resolution or otherwise shall be adopted so long as the bond is held by the Government without the prior written consent of the State Director of the Farmers Home Administration.

Section 21. Equal Opportunity for Employment. The Chairman of the Public Service Board is hereby authorized and directed to execute for and on behalf of the District, Form FHA 400-1, "Equal Opportunity Agreement," to which is attached and made a part thereof an "Equal Opportunity Clause," designated as Form FHA 400-2, to be incorporated in, or attached as a rider to each construction contract exceeding \$10,000.00 which is financed wholly or partially with the loan and Form FHA 400-4, "Non-discrimination Agreement", (under Title VI of the Civil Rights Act of 1964.)

Section 22. Severability Clause. That if any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 23. Repealer Clause. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 24. Resolution a Contract Subject to Enabling Acts and Regulations. The provisions of this resolution are subject to the West Virginia Code, Chapter 16, Article 13A, and the applicable regulations of the Farmers Home Administration and shall constitute a contract between the District and the Government so long as the bond is held by the Government.

Section 25. Effective Date. This resolution shall be effective immediately upon its adoption.

Passed, ratified and adopted, in meeting duly assembled, this the 29th day of June, 1968.

COWEN PUBLIC SERVICE DISTRICT

By Rudell G. Polager Sr.  
Chairman of its Public Service Board

CORPORATE SEAL

CERTIFICATION

I, Harold R. Quinn Secretary of the Public Service District Board of the Cowen Public Service District, Webster County, West Virginia, do hereby certify that at a meeting of said Board duly called and held on the 29 day of June, 1968, the foregoing Resolution was approved and adopted by the

unanimous vote of all of the members of the said Board.

Dated this the 24 day of June, 1968.

*Harold A. Davis*

Secretary of the Board

57-51-506966  
93-01

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
COUNTY OF WEBSTER  
COWEN PUBLIC SERVICE DISTRICT  
COMBINED WATERWORKS AND SEWAGE SYSTEM REVENUE BOND  
SERIES A  
\$ 260,000.00

KNOW ALL MEN BY THESE PRESENTS: That Cowen Public Service District, of Webster County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 260,000.00, plus interest thereon from the date of this Bond at the rate of 4.125% per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ 5,406.00 on the first day of January, 1969, \$ 10,725.00 on the first day of January, 1970, and \$ 13,666.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of the Bond.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration

according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the Office of the Secretary of the Public Service Board of the Borrower, such registration to be noted on the back hereof by said Secretary, and no transfer shall be valid unless made on said book and similarly noted on the back hereof.

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Webster County, West Virginia.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued pursuant to Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the 29th day of June, 19 68, (hereinafter called the Bond Resolution), for the purpose of defraying a portion of the costs of acquiring and constructing a Combined Waterworks and Sewage Treatment and Collection System, and retiring certain water revenue bonds issued by the Town of Cowen as more fully set forth provisions of paragraph F of Section 16 of this resolution. The Bond Resolution provides for fixing, revising, charging, and collecting by Borrower of rates, fees, and other charges for the use of and for the services furnished by the Waterworks and Sewage Treatment and Collection System and extensions thereof so that such rates, fees, charges, and other revenues will be sufficient at all times to pay the costs of operating, maintaining, and repairing the Combined Waterworks and Sewage Treatment and Collection System, to pay the principal of and interest on the Bond as the same shall become due and to maintain adequate reserves therefor, which revenues are pledged for such purposes. Reference is hereby made to the Bond Resolution for a further description of the security for the Bond and for the provisions, among others, concerning the terms and conditions upon which the Bond is issued, the collection and disposition of revenues, the rights and obligations of Borrower and the rights of the Bond Holder.

Both principal of and interest on this Bond shall be payable solely from the revenues pledged thereto as herein set forth, and nothing herein or in the Bond Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the State of West Virginia or any county, city, town or other political subdivision of the State.

All acts, conditions and things required by the Constitution and statutes of the State of West Virginia to happen, exist and be performed precedent to or in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, Cowen Public Service District has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, all as of the 1st. day of July, 19 68.

COWEN PUBLIC SERVICE DISTRICT

By *Russell G. Wagner*  
Chairman of its Public  
Service District Board

(CORPORATE SEAL)

ATTEST:

*Harold E. Davis*  
Secretary of its Public  
Service District Board

REGISTRATION

(No writing below except by the Bond Registrar)

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
1 JULY 68	UNITED STATES OF AMERICA Farmers Home Admin.	<i>Harold E. Davis</i>



By \_\_\_\_\_  
 Special Agent in Charge



COWEN PUBLIC SERVICE DISTRICT

\$150,000 Combined Water and Sewer Revenue Bond,  
Series 1978

BOND RESOLUTION

Table of Contents

<u>Subject</u>	<u>Page</u>
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01. Authority for this Resolution	1
Section 1.02. Findings and Determinations	1
Section 1.03. Resolution to Constitute Contract	3
Section 1.04. Definitions	3
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND	
Section 2.01. Authorization of Bond	6
Section 2.02. Description of Bond	6
Section 2.03. Execution of Bond	6
Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost	6
Section 2.05. Bond Secured by Pledge of Revenues	7
Section 2.06. Form of Bond	7
FORM OF BOND	8
RECORD OF ADVANCES	12
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF	
Section 3.01. Bond Proceeds	13
Section 3.02. Covenants of the District as to Revenues and Funds	13
ARTICLE IV - GENERAL COVENANTS	
Section 4.01. General Statement	18
Section 4.02. Rates	18
Section 4.03. Sale of the System	18
Section 4.04. Issuance of Additional Parity Bonds	18
Section 4.05. Insurance and Bonds	18
Section 4.06. Statutory Mortgage	20
Section 4.07. Events of Default	20
Section 4.08. Enforcement	20
Section 4.09. Fiscal Year; Budget	21
Section 4.10. Compensation of Board Members	22
Section 4.11. Covenant to Proceed and Complete	22
Section 4.12. Books and Records	22
Section 4.13. Maintenance of System	22
Section 4.14. No Competition	23
Section 4.15. Concerning Arbitrage	23

ARTICLE V - RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules	24
--	----

ARTICLE VI - MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code	24
Section 6.02. Delivery of Bond No. 1	24
Section 6.03. Defeasance	24
Section 6.04. Severability of Invalid Provision	25
Section 6.05. Conflicting Provisions Repealed	25
Section 6.06. Table of Contents and Headings	25
Section 6.07. Effective Time	25

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$150,000 COMBINED WATER REVENUE BOND, SERIES 1978, OF COWEN PUBLIC SERVICE DISTRICT ON A PARITY WITH THE SERIES A BOND TO FINANCE PART OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF A NEW COMBINED WATERWORKS AND SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF COWEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS  
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Cowen Public Service District (the "District") is a public service district created pursuant to said Article 13A by the County Commission of Webster County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The District now has a combined waterworks and sewerage system, pursuant to resolution authorizing Series A Bond.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that payment in full for the System be accomplished by issuance of the Bond.

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$150,000 to complete payment for the System in the manner hereinafter provided.

(D) The period of usefulness of the System is not less than forty years.

(E) There is outstanding the obligation of the District which will rank on a parity with the Bond as to liens and source of and security for payment, as follows:

The combined waterworks and sewerage system revenue bond, Series A, dated June 29, 1968, issued in the original principal amount of \$260,000, bearing interest at the rate of 4.125% per annum (the "Series A Bond").

The Bond and the Series A Bond will be on a parity in all respects with each other.

(F) The Government is expected by the Board to purchase the entire principal amount of the Bond.

(G) The Bond is needed to provide moneys to pay two judgments against the District arising out of and constituting costs of construction of the existing combined Waterworks and Sewerage System which was constructed with the proceeds of the Series A Bond and grant funds. The judgments are:

(1) A judgment rendered in the Circuit Court of Webster County, West Virginia, dated the 6th day of March, 1974, in the case of Stout Construction Company, et al., vs. Cowen Public Service District, et al., which was rendered in the amount of \$60,000 plus costs and interest at the rate of 7-1/2%; and

(2) A judgment rendered in the Circuit Court of Webster County, West Virginia, dated the 12th day of February, 1972, in the case of The National Bank of Summers of Hinton vs. Cowen Public Service District, et al., which was rendered in the amount of \$46,448.50, plus costs and interest at the rate of 7%.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so

complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings in this Resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the \$150,000 Combined Water and Sewer Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution.

"Bonds" means the Bond and the Series A Bond.

"Chairman" means the Chairman of the Board.

"District" means Cowen Public Service District of Webster County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Bond.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"Series A Bond" shall have the meaning provided in Section 1.02(E).

"System" means the combined waterworks and sewerage system of the District, including all water and sewerage facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,  
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Combined Water and Sewer Revenue Bond, Series 1978," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Fifty Thousand Dollars (\$150,000) for the purpose of completing the financing of the System.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the District may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System on a parity with the Series A Bond, in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this Resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978

COWEN PUBLIC SERVICE DISTRICT

\$150,000

No.

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

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifty Thousand Dollars (\$150,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of principal and interest on the first day of each month after the date hereof in the sum of \$725, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt

evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the combined waterworks and sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution of the Borrower.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the Series A  
Bond described in said Resolution.

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

\_\_\_\_\_  
(Post Office Box No. or Street Address)

Cowen, West Virginia 26206  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \_\_\_\_\_

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_

\_\_\_\_\_  
(Title)

ARTICLE III  
BOND PROCEEDS; REVENUES AND  
APPLICATION THEREOF

Section 3.01. Bond Proceeds. All moneys received from the sale of the Bond shall be deposited on receipt by the District in Farmers & Merchants Bank of Summersville, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Cowen Public Service District Judgment Account" (the "Judgment Account"). The moneys in the Judgment Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Judgment Account shall be expended by the District solely as follows:

All such moneys shall be used immediately to pay the aforesaid two judgments described in Section 1.02(G) above and the interest due thereon in return for written release and satisfaction of each judgment, which releases shall be duly recorded to clear said judgments of record.

Upon payment and satisfaction of said two judgments as aforesaid, the moneys remaining in the Judgment Account shall be used to pay the costs of the issuance of the Bond, including legal fees and charges and all other proper costs and charges therefor, and any balance remaining in the Judgment Account shall then be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bonds as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest on the Bonds and to amortize the principal of the Bonds over the lives of both Bond issues.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, the sum of \$192 until the sum of \$23,000 is on deposit therein, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly

installments required to be paid on the Bonds as the same shall become due or for prepayment of installments or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$60,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of installments on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District upon

transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Users. The District shall, prior to delivery of the Bond, certify to the Government the numbers of water and sewer customers connected with the System.

(D) Upon delivery of the Bond, the District will close the Bond Fund established by the Resolution which authorized the Series A Bond (the "Series A Resolution") and will remit all moneys therein to the National Finance Office named in the Bond for payment on the Series A Bond. Each month the District shall remit the moneys formerly deposited in the Bond Fund directly to said National Finance Office.

The Operation and Maintenance Fund established by the Series A Resolution shall be closed and moneys therein transferred to and deposited in the Revenue Fund hereby established.

The Reserve Fund established by the Series A Resolution shall be closed and moneys therein transferred to and deposited in the Reserve Account hereby established.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholder.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bonds and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an

expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured at once if not now in effect, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons, or injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the District's operation of the System.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the

Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, and so long as the Bonds are outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond for the benefit of the Bond on a parity with the Series A Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds or in this Resolution, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The Receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System initially shall be those established by the Public Service Commission of West Virginia by its order in Case No. 6584 entered June 14, 1968, for the water facilities and its order entered June 11, 1968, in Case No. 6585 for the sewer facilities.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Defeasance. This Resolution and the covenants herein may be defeased only upon prior written consent of the Government or by payment in full of the Bonds, acceptance of and payment by the Government and cancellation of the Bonds.

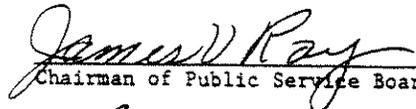
Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

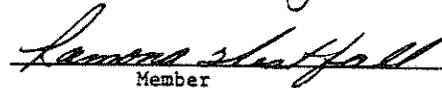
Section 6.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed, including the Series A Resolution but excluding the Form FmHA 442-47 Loan Resolution (Public Bodies) adopted by the District.

Section 6.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.07. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted May 23, 1980.

  
Chairman of Public Service Board

  
Member

Member

SPECIMEN

COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978

COWEN PUBLIC SERVICE DISTRICT

\$150,000

No. 1

Date: May 23, 1980

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifty Thousand Dollars (\$150,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of principal and interest on the first day of each month after the date hereof in the sum of \$725, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt

evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the combined waterworks and sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution of the Borrower.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the Series A  
Bond described in said Resolution.

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

(Post Office Box No. or Street Address)

Cowen, West Virginia 26206  
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \_\_\_\_\_

Pay to the Order of \_\_\_\_\_  
\_\_\_\_\_

UNITED STATES OF AMERICA  
FARMERS HOME ADMINISTRATION

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)



UNITED STATES  
DEPARTMENT OF  
AGRICULTURE

FARMERS  
HOME  
ADMINISTRATION

Federal Building, Room 320  
75 High Street  
Morgantown, WV 26505-7500  
(304) 291-4796  
FAX (304) 291-4032

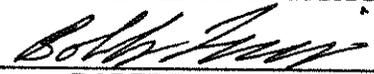
April 6, 1994

COWEN PUBLIC SERVICE DISTRICT  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994  
(WEST VIRGINIA SRF PROGRAM)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for Farmers Home Administration, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program) (the "Bonds"), by Cowen Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the Bonds (the "1994 Bond Resolution"), which Bonds are to be issued on a parity with the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bond, Series A, dated July 1, 1968, and Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980 (collectively, the "Prior Bonds"), and hereby waives any requirements imposed by the Prior Bonds and the resolutions authorizing the Prior Bonds, regarding the issuance of parity bonds which are not met by the Bonds and the 1994 Bond Resolution.

FARMERS HOME ADMINISTRATION

By:   
ROBERT D. LEWIS

Its: State Director



CD-450 United States Department of Commerce  
(EDA/ADP)  
(10/92) FINANCIAL ASSISTANCE AWARD

Grant  
 Cooperative Agreement  
Award Number  
01-11-03301

Project Title

Accounting Code

Improvements to Sanitary Sewer and Wastewater Treatment Facilities.

U.S. Share of Cost  
\$890,000  
Recipient's Share of Cost  
\$270,000

Award Period From date of approval To 16 months after approval

Total Estimated Cost  
\$1,160,000

Recipient's Name  
Cowen Public Service District

Street Address  
P.O. Box 457

City State Zip Code  
Cowen West Virginia 26205

Authority: Public Works and Economic Development Act of 1965, as amended.

Special Award Conditions  
Attached.

The recipient agrees to execute the work in accordance with the approved application to the extent encompassed by this award, the attached documents, the nondiscrimination requirements set forth on the reverse of this document, and the pertinent rules checked below and any subsequent revisions.

- EDA Standard Terms & Conditions--Construction Program, dated 6/92.
- 15 CFR, Part 24 (53 Fed. Reg. 8048, 8087-8103, March 11, 1988)
- OMB Circular A-21  OMB Circular A-110
- OMB Circular A-87  OMB Circular A-122
- OMB Circular A-128
- 48 CFR, Part 31, "Cost Principles for Commercial Organizations"
- Others:

Signature (Assistant Secretary for Economic Development) *James M. Smith* Title Date *5/28/93*

Signature (Authorized recipient official) *James V. Roy* Grants Officer Title Date *6-23-93*

RECIPIENT IS REQUIRED TO SIGN BOTH COPIES OF THIS DOCUMENT AND RETURN ONE COPY WITHIN 45 DAYS TO:

GRANTS OFFICE: Director, Philadelphia Regional Office  
Economic Development Administration  
The Curtis Center, Suite 140 South  
Independence Square West  
Philadelphia, PA 19106





DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES  
DIVISION OF ENVIRONMENTAL PROTECTION

1201 Greenbrier Street  
Charleston, WV 25311-1088

Gaston Caperton  
Governor

John M. Ranson  
Cabinet Secretary

David C. Callaghan  
Director

Ann A. Spaner  
Deputy Director

March 10, 1994

James Virgil Ray, Chairman  
Cowen Public Service District  
P. O. Box 457  
Cowen, WV 26206

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0037397  
Modification No. 2

Dear Mr. Ray:

This letter serves as Modification No. 2 of your existing WV/NPDES Water Pollution Control Permit No. WV0037397, issued the 21st day of September 1989.

After review and consideration of the information submitted on and with Permit Modification Application No. WV0037397-B, dated the 10th day of November 1993, additional information, dated the 3rd day of January 1994, the plans and specifications and other relevant information, the subject permit is hereby modified to acquire, construct, install, operate and maintain; improvements to the wastewater treatment plant, discharging through Outlet No. 001, to be comprised of a clarifier with a volume of 44,000 gallons and a surface area of 491 square feet, chlorination equipment, a chlorine contact chamber with a volume of 6,000 gallons to be connected in series to the existing chlorine contact chamber, an aerobic digester with a volume of 52,900 gallons and all requisite appurtenances; rehabilitation of the wastewater collection system, conveying wastewater to the Outlet No. 001 wastewater treatment plant for subsequent treatment and discharge, to be comprised of the replacement of approximately 2,700 linear feet of 10 inch diameter gravity sewer line with 17 manholes and all requisite appurtenances.

The wastewater treatment plant renovations and wastewater collection system rehabilitation project shall be constructed in accordance with the plans and specifications, approved the 12th day of November 1993, along with approved change orders thereto, prepared by Pentree, Incorporated; 1428 Main Street; P. O. Box 1309; Princeton, WV 25504 and entitled "Cowen Public Service District; Webster County, West Virginia; Contract 2, Sewer Line Renovations; Contract 3, Wastewater Treatment Plant Renovations; DEP Project No. C-544120."

James Virgil Ray, Chairman  
Page 2  
March 10, 1994

All other terms and conditions of the subject Permit shall remain in effect and unchanged.

Very truly yours,

OFFICE OF WATER RESOURCES



Mark A. Scott  
Chief

MAS:jdm