

GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

Date of Closing: November 6, 1986

BOND TRANSCRIPT

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01/08/87  
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GRANT UNION PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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11/05/86  
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GRANT UNION PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN \$6,950,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GRANT UNION PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Grant Union Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Harrison County of said State.

B. The Issuer does not presently operate a public sewage treatment, collection and transportation system and it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewage treatment, collection and transportation facilities of the Issuer (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$9,172,087, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$2,500,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than \$2,000,000, and the Series 1986 B Bonds in the aggregate principal amount of not more than \$500,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than \$6,950,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the

Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds as set forth herein. All prior borrowings of the Issuer will be paid in full upon issuance of the Bonds. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired on November 25, 1986.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection

and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

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

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

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

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

"Consulting Engineers" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any engineer or firm of engineers that

shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

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

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

"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, consisting of 3 members, as may hereafter be constituted.

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

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

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

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

"Grinder Pump Replacement Reserve Account" means the Grinder Pump Replacement Reserve Account established by Section 5.01 hereof.

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

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

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

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

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated August 22, 1986, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

"New Connection Reserve Account" means the New Connection Reserve Account established by Section 5.01 hereof.

"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" or "GAN" means collectively, the not more than \$6,950,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$6,950,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

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

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$2,000,000 in aggregate principal amount of Series 1986 A Bonds and the not more than \$500,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the Costs of

the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, G. L. Cottrill & Company, Inc., of Morgantown, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means collectively, the WDA Grant and any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered 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, with interest to the date of maturity, 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 Article VIII of 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 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.

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

"Project" means the acquisition and construction of a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all necessary appurtenances.

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution; and

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

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

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

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

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

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

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

"Series 1986 A Bonds" or "Series A Bonds" means the not more than \$2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than \$500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with

respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete properties of the Issuer for the collection, transportation or treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION  
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$9,172,087, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$2,500,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$2,000,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of not more than \$500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

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

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

Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

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

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

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

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

substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
GRANT UNION PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 A

No. AR-\_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month 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, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation 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 approximately \_\_\_\_\_ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A 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 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds,

and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder 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, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

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

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

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

\_\_\_\_\_  
In the presence of:  
  
\_\_\_\_\_

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
GRANT UNION PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 B

No. BR-\_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions

thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

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

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

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

## 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, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed \$6,950,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Indenture or supplemental resolution. 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 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.

Section 4.04. Letters of Credit. As additional security for the 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 \$2,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of

letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
  - (a) Within the Renewal and Replacement Fund, the Grinder Pump Replacement Reserve Account; and
  - (b) The New Connection Reserve Account; and
- (3) Bond Construction Trust Fund.

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

- (1) Series 1986 A Bonds Sinking Fund;
  - (a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.
- (2) Series 1986 B Bonds Sinking Fund;
  - (a) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

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

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited

therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System; (i) transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1986 A Bonds Reserve Account; (ii) transfer to the Grinder Pump Replacement Reserve Account in the Renewal and Replacement Fund the sum of \$735; and (iii) transfer to the New Connection Reserve Account in the Renewal and Replacement Fund the sum of \$1,154, provided that, no deposit shall be made in either the Grinder Pump Replacement Reserve Account or the New Connection Reserve Account until all payments required to be made pursuant to Sections 5.03(6) and (7) have been made in full. All funds in the Renewal and Replacement Fund including the Grinder Pump Replacement Reserve Account and the New Connection Reserve Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and from each other and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1986 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund. Moneys in the Grinder Pump Replacement Reserve Account shall be used solely for the purpose of replacement and repair of grinder pumps and Moneys in the New Connection Reserve Account shall be used solely for new grinder pump connections.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve

Account for the purpose of making principal payments on the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be

subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1986 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B 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 Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund, or the Series 1986 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

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

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

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

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith

that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1986 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. There shall next be paid, from the proceeds of the Bonds, to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

C. Next, from the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Reserve Account the sum of \$154,652; and from the proceeds of the Series 1986 B Bonds, there shall be deposited with the Commission in the Series 1986 B Reserve Account the sum of \$11,353.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1986 A Bonds Reserve Account, and when fully funded to the Series 1986 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on

the respective Series of Bonds are next to the next ensuing principal payments due thereon.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, 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 7.04 and Section 7.09 shall not be applied to the Notes.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A 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 and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Hearing Examiner's Decision entered October 15, 1986, as confirmed by the Order of the Public Service Commission of West Virginia entered October 21, 1986 (Case No. 86-276-S-CN).

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

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from

such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Revenue Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all the 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. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional

parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

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

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

- (A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(C) 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 enacted by the Issuer and approved by the Public Service Commission of West Virginia, 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 Recorder 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 enacted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

required for Bonds theretofore issued pursuant to this Bond Legislation.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Series 1986 A Bonds.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be

maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated

reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the

Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, 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, all delinquent 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 and facilities and any services 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 services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 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.

(C) 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.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

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

in favor of the Holders of the Series 1986 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they 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 to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986 (or any successor provision) and an Authorized Officer shall deliver

his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer hereby covenants to rebate to the United States Government the amounts required by Section 148 of the Internal Revenue Code of 1986, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

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:

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

(B) 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

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

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

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

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to 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 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to 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 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or 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.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. 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 enactment 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 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 11.08. Public Notice of Proposed Financing. Prior to adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of Grant-Union Public Service District, a Class II legal advertisement stating:

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

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

(c) The Project to be acquired or constructed and the cost of the same;

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

(e) The fact that a form is available in the office of the Clerk of The County Commission of Harrison County and in the office of the Issuer for residents of that portion of the District which will be served by the Project who are registered voters to sign indicating their opposition to the Issuer's borrowing money or issuing the Bonds or the Notes originally authorized hereby, as the case may be. The Secretary of the Governing Body shall cause such form to be provided to said county clerk.

The Secretary of the Governing Body shall have also caused to be posted in conspicuous places throughout that portion of Grant Union Public Service District which will be served by the Project signs measuring not less than 8 1/2 inches in width and 11 inches in length which include the same information as required in the Class II legal advertisement set forth above.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 5th day of November, 1986.

  
\_\_\_\_\_  
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 Grant Union Public Service District on this 5th day of November, 1986.

[SEAL]

Alfred H. Norman  
Secretary, Public Service Board

11/05/86  
GRAUN2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B OF GRANT-UNION PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Grant-Union Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective November 5, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT-UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN \$6,950,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$2,500,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than \$2,000,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than \$500,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1986 A Bonds dated August 22, 1986, and a supplemental loan agreement relating to the Series 1986 B Bonds, also dated August 22, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the 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 entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT-UNION PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,758,771. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$431,387. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

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

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of November 6, 1986, by and between the Issuer

and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint The Harrison County Bank, Lost Creek, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1986 A Bond Proceeds in the amount of \$221,078 shall be deposited in the Series 1986 A Sinking Fund, as capitalized interest.

Section 8. Series 1986 A Bonds proceeds in the amount of \$466,414.46 shall be applied to payment of all outstanding obligations of the Issuer, including the loans from The Harrison County Bank, Weston National Bank, Kanawha Union Bank and West Virginia Water Development Authority.

Section 9. Series 1986 A Bond proceeds in the amount of \$154,652 and Series 1986 B Bond proceeds in the amount of \$11,353 shall be deposited in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account, respectively.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about November 6, 1986, to the Authority pursuant to the Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 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 Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of November, 1986.

GRANT-UNION PUBLIC SERVICE DISTRICT

  
Benjamin B. Madkin  
Chairman

11/05/86  
GRAUN1-C



RECEIVED

SEP 2 1986

WATER DEVELOPMENT AUTHORITY

WDA-5  
(November 1985)

LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

1.7 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

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

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

### ARTICLE III

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

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

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

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

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

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

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner 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

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

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

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

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

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

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

#### ARTICLE V

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

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

Grant Union Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By

Benjamin B. Hutchins  
Its Chairman

Attest:

Date: 8/22/86

Alfred S. Norman  
Its Board Member

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar N. Stury  
Director

Attest:

Date: 9/3/86

Daniel B. Buzark  
Secretary-Treasurer

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>1,758,771</u>
Purchase Price of Local Bonds	\$ <u>1,758,771</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

NONE

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

NONE

GRANT-UNION PUBLIC SERVICE DISTRICT  
 Analysis of 7.00% Borrowing Cost for Local Issuer

-----1986 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1987	8.38%	0.00	133,055.91	133,055.91
1988	8.38%	0.00	147,385.01	147,385.01
1989	8.38%	7,266.00	147,385.01	154,651.01
1990	8.38%	7,875.00	146,776.12	154,651.12
1991	8.38%	8,535.00	146,116.19	154,651.19
1992	8.38%	9,250.00	145,400.96	154,650.96
1993	8.38%	10,025.00	144,625.81	154,650.81
1994	8.38%	10,865.00	143,785.72	154,650.72
1995	8.38%	11,776.00	142,875.23	154,651.23
1996	8.38%	12,762.00	141,888.40	154,650.40
1997	8.38%	13,832.00	140,818.94	154,650.94
1998	8.38%	14,991.00	139,659.82	154,650.82
1999	8.38%	16,247.00	138,403.58	154,650.58
2000	8.38%	17,609.00	137,042.08	154,651.08
2001	8.38%	19,084.00	135,566.44	154,650.44
2002	8.38%	20,683.00	133,967.21	154,650.21
2003	8.38%	22,417.00	132,233.97	154,650.97
2004	8.38%	24,295.00	130,355.43	154,650.43
2005	8.38%	26,331.00	128,319.50	154,650.50
2006	8.38%	28,538.00	126,112.97	154,650.97
2007	8.38%	30,929.00	123,721.48	154,650.48
2008	8.38%	33,521.00	121,129.63	154,650.63
2009	8.38%	36,330.00	118,320.57	154,650.57
2010	8.38%	39,375.00	115,276.12	154,651.12
2011	8.38%	42,674.00	111,976.49	154,650.49
2012	8.38%	46,250.00	108,400.41	154,650.41
2013	8.38%	50,126.00	104,524.66	154,650.66
2014	8.38%	54,327.00	100,324.10	154,651.10
2015	8.38%	58,879.00	95,771.50	154,650.50
2016	8.38%	63,813.00	90,837.44	154,650.44
2017	8.38%	69,161.00	85,489.91	154,650.91
2018	8.38%	74,957.00	79,694.22	154,651.22
2019	8.38%	81,238.00	73,412.82	154,650.82
2020	8.38%	88,046.00	66,605.08	154,651.08
2021	8.38%	95,424.00	59,226.82	154,650.82
2022	8.38%	103,420.00	51,230.29	154,650.29
2023	8.38%	112,087.00	42,563.70	154,650.70
2024	8.38%	121,480.00	33,170.81	154,650.81
2025	8.38%	131,660.00	22,990.78	154,650.78
2026	8.38%	142,693.00	11,957.67	154,650.67
		1,758,771.00	4,398,398.80	6,157,169.80

*\* to be modified*

Smith Barney, Harris Upham & Co.  
 Incorporated

November 4, 1986

SCHEDULE Y  
REVENUES

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System

delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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



RECEIVED

SEP 2 1986

WDA-Supp. 5  
(November 1985)

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions; Loan Agreement

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

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

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

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

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

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

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

### ARTICLE III

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

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

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

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

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

#### ARTICLE IV

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

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

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

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

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

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

#### ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

Grant Union Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By Benjamin B. Hudkins  
Its Chairman

Attest:

Date: 8/22/86

Alfred H. Norman  
Its Board Member

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar N. Dewey  
Director

Attest:

Date: 9/3/86

Janice B. Zupkosky  
Secretary-Treasurer

WDA-Supp. 5X  
(November 1985)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>431,387</u>
Purchase Price of Supplemental Bonds	\$ <u>431,387</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

NONE

TABLE 3

GRANT-UNION PUBLIC SERVICE DISTRICT  
 Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1 -----	Zero Coupon Bonds -----
1987	0.00
1988	0.00
1989	11,352.27
1990	11,352.29
1991	11,352.29
1992	11,352.29
1993	11,352.29
1994	11,352.29
1995	11,352.29
1996	11,352.29
1997	11,352.29
1998	11,352.29
1999	11,352.29
2000	11,352.29
2001	11,352.29
2002	11,352.29
2003	11,352.29
2004	11,352.29
2005	11,352.29
2006	11,352.29
2007	11,352.29
2008	11,352.29
2009	11,352.29
2010	11,352.29
2011	11,352.29
2012	11,352.29
2013	11,352.29
2014	11,352.29
2015	11,352.29
2016	11,352.29
2017	11,352.29
2018	11,352.29
2019	11,352.29
2020	11,352.29
2021	11,352.29
2022	11,352.29
2023	11,352.29
2024	11,352.29
2025	11,352.29
2026	11,352.29
	-----
	431,387.00

Smith Barney, Harris Upham & Co.  
 Incorporated

November 4, 1986

SCHEDULE Y  
REVENUES

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

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

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

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth ( $1/12$ ) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:  
  
That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

LEGAL DIVISION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA



J. Steven Hunter,  
General Counsel

201 Brooks Street, P. O. Box 812  
Charleston, West Virginia 25323

(304) 340-0317  
Writer's Direct Call: 340-

October 29, 1986

Thomas R. Michael, Esq.  
Michael and Kupec  
228 Court Street  
Clarksburg, WV 26301

Re: Case No. 86-276-S-CN  
Grant-Union PSD

Dear Mr. Michael:

Please be advised that Staff concurs with the Commission's Final Order in the above-styled case and will not be pursuing an appeal to the West Virginia Supreme Court of Appeals. If I can be of any additional assistance, please do not hesitate to call.

Very truly yours,

*Susan D. Koval*

SUSAN D. KOVAL  
Staff Attorney

SDK/iw

OCT 30 1986

**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 21st day of October, 1986.

CASE NO. 86-276-S-CN

THE GRANT-UNION PUBLIC SERVICE DISTRICT,  
a public utility, Mt. Clare, Harrison  
County.

Application for a certificate of convenience and necessity to acquire, construct, operate and maintain a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities at Lost Creek, West Milford, Good Hope and areas in between, Harrison County.

COMMISSION ORDER

On May 27, 1986, The Grant-Union Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to acquire, construct, operate and maintain a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities at Lost Creek, West Milford, Good Hope and areas in between, Harrison County.

By order dated September 5, 1986, this matter was set for hearing to be held on September 17, 1986, and The Grant-Union Public Service District, a public utility, was required to give notice of the proceeding by publishing a copy of said order of September 5, 1986, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County.

The hearing was held as scheduled on September 17, 1986. The Grant-Union Public Service District, a public utility, appeared by its proper officials and by counsel, Thomas R. Michael, Esq. Commission Staff was represented by Susan Koval, Esq., Legal

Division; Gary Jarrell and Danny Ellis, Public Service District Division. There were no intervenors nor protestants present. On October 15, 1986, the Hearing Examiner issued a recommended decision.

On October 17, 1986, Thomas R. Michael, Esq., counsel for The Grant-Union Public Service District, filed a request to waive the District's right to take exceptions to the aforesaid order, Counsel for the District indicates in his communication that Susan Koval, Esq., Counsel for Commission Staff, will join in this request.

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

The Commission is therefore of the opinion and belief that said request of waiver dated October 16, 1986 and received by the Commission on October 17, 1986, should be granted.

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

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

A TRUE COPY

TESTE:

  
HOWARD M. CUNNINGHAM,  
Executive Secretary

HMC/s

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: October 15, 1986

CASE NO. 86-276-S-CN

THE GRANT-UNION PUBLIC SERVICE  
DISTRICT, a public utility,  
Mt. Clare, Harrison County.

Application for a certificate  
of convenience and necessity  
to acquire, construct, operate  
and maintain a new sewage treatment  
plant, gravity and pressure collector  
sewers, lift stations, force mains  
and all appurtenant facilities at  
Lost Creek, West Milford, Good Hope  
and areas in between, Harrison County.

HEARING EXAMINER'S DECISION

PRELIMINARY ASPECTS

On May 27, 1986, The Grant-Union Public Service District filed an application, duly-verified, for a certificate of convenience and necessity to acquire, construct, operate and maintain a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities at Lost Creek, West Milford, Good Hope and areas in between, Harrison County. At the time of the filing of the application, the District estimated that construction would cost \$7,881,580, which would be financed by an EPA Grant of \$5,542,780 and a West Virginia Water Development Authority Grant in the amount of \$747,750, subscription fees of \$50,650, and local share of \$1,540,700. The local share will be obtained from the issuance of Sewer Revenue Bonds at 7% over 38 years with a 15% reserve. The rates were anticipated to be: a monthly charge of \$5.40 plus \$3.20 per 1,000 gallons of water used; and a monthly charge of

\$21.40 for unmetered customers. There were several amendments to the application subsequent to its filing, all discussed later.

A hearing was held on September 17, 1986, at 11:00 a.m., EDST, in the County Correctional Center, Clarksburg, West Virginia. Appearing at the hearing was Thomas R. Michael, Esq., representing the Applicant, and Susan Koval, Esq., representing Commission Staff. No intervenors or protestants appeared at the hearing. The Applicant presented Randy Moodisbaugh, Sam Paris, Gail Ashbaker, Vicky Radcliffe, Larry Ash, John Eash, Douglas Olds, Rezin B. Hudkins and Gary Cottrell, in support of the application. Staff presented Gary T. Jarrell and Danny Ellis. The Examiner has reviewed the transcript, which is 86 pages in length, and the 27 Applicant's Exhibits and the three Staff Exhibits. The posthearing letter dated September 26, 1986, is marked and received into evidence as Applicant's Exhibit No. 28 and has been reviewed by the Hearing Examiner.

#### FINDINGS OF FACT

1. Notice of the application, including the amount of permanent financing not to exceed \$2,500,000 to be borrowed at a rate not to exceed 12%, the amount of interim financing not to exceed \$8,000,000, at a rate not to exceed 12%, the cost of the project then estimated at \$7,881,580, the anticipated rates and charges, listed above, to the customers, were published in The Clarksburg Telegram for two (2) successive weeks beginning April 18, 1986, and posted in accordance with with West Virginia Code §16-13A-25. (Publisher's Certificate dated April 25, 1986; Certificate and Letter of Nelson L. Blankenship, Clerk, Harrison County Commission; and Certification, Rezin B. Hudkins, Chairman, Grant Union Public Service District, May 20, 1986).

2. The Notice of Hearing publication, pursuant to West Virginia Code §24-2-11, contained the same information as the filed application which was recited in paragraph one of this Decision. (Publisher's Certificate dated September 16, 1986).

3. No intervenors or protestants appeared objecting to the application pursuant to either notice. (Tr., p. 5; Certificate and Letter of Nelson L. Blankenship, Clerk, Harrison County Commission; and Certification, Rezin B. Hudkins, Chairman, Grant Union Public Service District, May 20, 1986).

4. Because of the failures of individual septic tanks and failures of community sewage treatment facilities, combined with sewer line discharge without treatment into the West Fork River at West Milford, the project is needed. The soil in the area has poor porosity and combined with small residential lot size, cannot accommodate approved septic systems. (Randy Moodisbaugh, Supervising Sanitarian, Harrison/Clarksburg Health Department and others; Tr., pp. 9, 10, 13, 14, 17 & 24).

5. Two of the ten treatment facilities, which have permits from the Department of Natural Resources, are operating at an acceptable level, but the rest are not, to the effect that the streams in the area are adversely affected. (Tr., pp. 13 & 14).

6. The Town of Lost Creek has no central sewage treatment facilities and most of the sewage from the residents of Lost Creek discharges into two creeks in the area. (Tr., p. 17).

7. West Milford has a community line which is over sixty years old and discharges directly into the river. (Tr., p. 24).

8. The City of Lost Creek and West Milford both have enacted resolutions consenting to the inclusion of those Towns within the

boundaries of the Public Service District. (Applicant's Exhibit Nos. 9 and 10; Tr., pp. 18 and 25).

9. The project was designed by Cerrone & Vaughn, Project Engineers, which provides a combination gravity and grinder pump system to serve the projected 1,012 new customers. (Tr., pp. 34 & 41).

10. A post hearing inspection of a Laurel Valley Subdivision collection lines was made and determined that some upgrading needed to be made, however, the upgrading was basically low expense items and will not cause any great financial burden to the District. (Applicant's Post Hearing Exhibit No. 28).

11. The project, as proposed, provides the most economical combination of gravity and pressure systems which will result in an improved quality of streams. (Tr., p. 33).

12. The Department of Natural Resources approved the Applicant's plans and specifications in April, 1986. (Tr., p. 35).

13. The total project costs, as amended from the original application, are \$9,268,890. (Tr., pp. 55, 56 & 57).

14. The proposed rates, which the District requested in its application, were amended to \$4.60 per month as a base fee, plus \$3.67 per 1,000 gallons in addition to that base fee. (Tr., p. 42).

15. There are 55 unmetered customers in the project which are going to be charged a flat rate of \$22.95 per month--a higher rate than in the original application. (Tr., p. 43).

16. The Engineers are anticipating billing for the local subscriptions as soon as construction starts and because of the overall favoritism shown to the project, anticipate timely receipt of those funds. (Tr., p. 52).

17. The anticipated funding from subscription fees is \$30,280 which is less than estimated in the original application. (Tr., p. 52).

18. The Environmental Protection Agency Grant is \$4,990,600. (Tr., p. 56).

19. An additional grant amount from the Environmental Protection Agency, not to exceed \$1,239,000, has not been committed by formal letter but verbal confirmation of those funds have been given by EPA officials to the District. (Tr., pp. 55, 56 & 57).

20. The WDA Grant (amended since the original application) is \$818,852. (Applicant's Exhibit No. 17 and Tr., p. 37).

21. The WDA Loan (amended since the original application) is \$2,190,158. (Tr., p. 38).

22. The District projected at hearing that the maximum size of the interim financing is \$8,220,000 although the West Virginia Code §13-16A-25 publication indicated the maximum of interim financing was \$8,000,000. (Tr., p. 69).

23. The interest cost on the interim financing is now 7.5% which rate is higher than in the original application. (Tr., p. 70).

24. The Commission's Staff recommended approval of the project stating that the plans and specifications appear to be adequate and that the per customer cost is within generally approved project limits and the operation and maintenance expense appears to be reasonable. (Tr., p. 73).

25. The Staff of the Commission indicated that the project is adequately financed if there is confirmation from the Environmental Protection Agency of the verbally confirmed amount of the approximate \$1,239,000. (Tr., p. 77).

26. The Staff further recommended that the establishment of two innovative and alternative reserve accounts, being separate interest bearing accounts, which cannot be utilized in any other aspect of operation and, secondly, recommended that the interim financing be limited to \$6,951,649 on the rationale that the District should borrow only that which they have funds to repay. (Tr., p. 81).

#### DISCUSSION

The scope of this application is large in that the total project costs are over \$9,200,000. There was no protest pursuant to the Notice of the Filing or the Notice of Hearing publications.

The project appears to be standard in most aspects even though certain portions of the project are "innovative" for grant application purposes. The District showed that the project is needed through the testimony of its witnesses; that the design is adequate and that the financing will be adequate when finally committed.

There are a couple of aspects of the project that need discussion. The costs of the project have risen significantly since the filing of the application. This is not unusual and was caused by bids being higher than expected but it does create problems since the notices given did not contain correct information.

The April publication estimated permanent borrowings not to exceed \$2,500,000, interim borrowing of \$8,000,000 and interest rates not to exceed 12%. The actual financing should fall within these figures, so the requirements of West Virginia Code §16-13A-25 have been met. Because the costs of the project increased after that publication, the rates and charges were not estimated correctly. Originally, the rates were \$5.40

base rate, plus a \$3.20 per 1,000 gallon commodity charge and a \$21.40 charge for unmetered customers. With changes, the rates are \$4.60 base rate, plus \$3.67 per 1,000 gallon commodity charge and \$22.95 monthly charge for the unmetered customers. Because this is a significant change and the rates have not been published in compliance with West Virginia Code §16-13A-25, the Examiner directs the District to publish the correct rates as well as other financing information required under West Virginia Code §16-13A-25.

The Staff of the Commission recommended approval that the certificate contingent upon receipt of the remaining EPA financing; that the interim financing be limited to \$6,951,649 being the amount of grant funds available to pay off the interim financing and 3) that the separate innovative and alternative reserve account be established. The Examiner accepts all three recommendations and makes the certificate contingent upon these recommendations as hereinafter provided. It is a dangerous practice for another utility to borrow beyond its immediate capability of repayment. Difficulties in more than one project have resulted because the interim financing did not generate revenues as anticipated, so the District borrowing beyond its immediate capacity to repay is denied. The interim financing is limited to the funds which will be received at the conclusion of the project.

The Examiner believes the Staff's recommendation for establishment of separate reserve accounts, bearing interest, is reasonable particularly since there is no experience to draw on with regard to replacement and repair costs of the innovative and alternative equipment.

There was some concern of Staff about the condition of Laurel Valley Subdivision collection lines but the Post-Hearing Exhibit addressed

Staff's concerns and stated that any upgrading was small and there was sufficient monies to cover the upgrading. Staff did not object to those assertions. No other concerns were voiced by Staff.

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed sewer system will provide adequate service.
3. The project is adequately financed if permanent funding commitments verbally confirmed are received prior to closing; if the interim financing does not exceed the receipt of grant funds; and if separate reserve accounts and bearing interest are established for the innovative and alternative aspects of the project as recommended by Staff.
4. The project is economically feasible.
5. The proposed rates and charges, as amended, are just and reasonable and are not unduly discriminatory.

#### ORDER

IT IS, THEREFORE, ORDERED that the certificate of convenience and necessity to acquire, construct, operate and maintain a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities at Lost Creek, West Milford, Good Hope and areas in between Harrison County, as requested in an application dated May 27, 1986, as amended, is hereby granted, provided: 1) that there is a commitment of funds from the EPA for the additional grant of approximately \$1,239,000 (previously referred to) before closing; 2) that the interim financing does not exceed the amount of grants to be received

during or at conclusion of construction; and 3) that the financing and rates, as amended, are published as required under West Virginia Code §16-13A-25.

IT IS FURTHER ORDERED that the financing as outlined in the application, as amended, is approved when publication is completed.

IT IS FURTHER ORDERED that the rates and charges contained in the amended application be approved and accepted for filing with the Commission to be effective for imposition on customers when the customers begin receiving service.

IT IS FURTHER ORDERED that the District file with the Commission when effective a tariff reflecting rates herein approved and a description of the area of service.

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

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

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

Any party may request waiver of the right to file exceptions to a Hearing Examiner's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order

of the Commission, nor shall any such waiver operate to make any Hearing Examiner's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

  
Ann Rodak  
Hearing Examiner

AR:jas

GRANT-UNION PUBLIC SERVICE DISTRICT  
CASE NO. 86-276-S-CN  
HEARING EXAMINER APPROVED RATES

Availability of Service

Available for general domestic, commercial, and industrial service in entire service area.

Customer Charge

Per Customer - \$4.60 per month

Commodity Charge

Per Customer - \$3.67 per 1,000 gallons

Unmetered Service

These customers will be charged a rate equivalent to a usage of 5,000 gallons, or \$22.95 per month.

Delayed Payment Penalty

The above tariff 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.

Connection Fees

Prior to completion of construction adjacent to customer's property - \$50.00

After completion of construction adjacent to customer's property - \$250.00



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Daniel B. Yonkosky, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and Rezin B. Hudkins, Chairman of the Public Service Board of Grant-Union Public Service District (the "Governmental Agency"), hereby certify as follows:

1. On the 6th day of November, 1986, the Authority received the entire original issue of \$2,190,158 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated November 6, 1986, the Series 1986 A Bond being in the principal amount of \$1,758,771 and the Series 1986 B Bond being in the principal amount of \$431,387.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by Rezin B. Hudkins, as Chairman of the Public Service Board of the Governmental Agency, by his manual signature, and by Alfred H. Norman, as Secretary of the Public Service Board of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been affixed upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of a portion of the proceeds of the Series 1986 A Bonds in the aggregate amount of \$458,839.46. The balance of the proceeds of the Series 1986 A Bonds will be paid by the Authority to the Governmental Agency upon receipt by the Governmental Agency of an NPDES permit. Proceeds of the Series 1986 B Bonds are expected to be received in approximately 60 days.

GA

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and GRANT-UNION PUBLIC SERVICE DISTRICT has caused this receipt to be executed by the Chairman of its Public Service Board, as of this 6th day of November, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By *Daniel B. Yonkosky*  
*Alfred H. Hornum*  
Secretary-Treasurer

GRANT-UNION PUBLIC SERVICE DISTRICT

By *Benjamin B. Hedrick*  
Chairman

11/05/86  
GRAUN1-F

GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 B

RECEIPT FOR SERIES 1986 B BOND PROCEEDS

The undersigned REZIN B. HUDKINS, Chairman of the Public Service Board of Grant-Union Public Service District (the "Issuer"), hereby certifies that, on the 2nd day of January, 1987, the Issuer received and hereby acknowledges receipt from the Authority, as the original purchaser of the captioned Bonds, the proceeds thereof in the amount of \$431,387 (100% of par).

IN WITNESS WHEREOF, Grant-Union Public Service District has caused this receipt to be executed by the Chairman of its Public Service Board, as of this 2nd day of January, 1987.

GRANT-UNION PUBLIC SERVICE DISTRICT

By

Rezin B. Hudkins  
Chairman

01/05/87  
GRAUN1-V

6B



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A, in the principal amount of \$1,758,771 and Bond No. BR-1, constituting the entire original issue of the Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 B, in the principal amount of \$431,887 both dated November 6, 1986 (collectively, the "Governmental Agency Bonds"), executed by the Chairman and Secretary of the Public Service Board of Grant-Union Public Service District (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond Resolution and Supplemental Resolution duly adopted by the Governmental Agency (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Secretary of the Public Service Board of the Governmental Agency;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated August 22, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

a portion of

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the account of the Governmental Agency of the sum of \$458,839.46 representing the agreed aggregate purchase price of the Series 1986 A Bonds, there being no accrued interest thereon. Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 6th day of November, 1986.

GRANT-UNION PUBLIC SERVICE DISTRICT

By   
Chairman

11/05/86  
GRAUN1-G



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
GRANT UNION PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 A

No. AR-1

\$1,758,771

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION SEVEN HUNDRED FIFTY-EIGHT THOUSAND, SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$1,758,771), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1987. 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 Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month 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, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated August 22, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation 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 approximately 18 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 5th day of November, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of \$431,387, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A 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 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues

prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder 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, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated November 6, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: November 6, 1986

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

GRANT-UNION PUBLIC SERVICE DISTRICT  
Analysis of 7.00% Borrowing Cost for Local Issuer

-----1986 Series A Bonds-----

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1987	8.38%	0.00	133,055.91	133,055.91
1988	8.38%	0.00	147,385.01	147,385.01
1989	8.38%	7,266.00	147,385.01	154,651.01
1990	8.38%	7,875.00	146,776.12	154,651.12
1991	8.38%	8,535.00	146,116.19	154,651.19
1992	8.38%	9,250.00	145,400.96	154,650.96
1993	8.38%	10,025.00	144,625.81	154,650.81
1994	8.38%	10,865.00	143,785.72	154,650.72
1995	8.38%	11,776.00	142,875.23	154,651.23
1996	8.38%	12,762.00	141,888.40	154,650.40
1997	8.38%	13,832.00	140,818.94	154,650.94
1998	8.38%	14,991.00	139,659.82	154,650.82
1999	8.38%	16,247.00	138,403.58	154,650.58
2000	8.38%	17,609.00	137,042.08	154,651.08
2001	8.38%	19,084.00	135,566.44	154,650.44
2002	8.38%	20,683.00	133,967.21	154,650.21
2003	8.38%	22,417.00	132,233.97	154,650.97
2004	8.38%	24,295.00	130,355.43	154,650.43
2005	8.38%	26,331.00	128,319.50	154,650.50
2006	8.38%	28,538.00	126,112.97	154,650.97
2007	8.38%	30,929.00	123,721.48	154,650.48
2008	8.38%	33,521.00	121,129.63	154,650.63
2009	8.38%	36,330.00	118,320.57	154,650.57
2010	8.38%	39,375.00	115,276.12	154,651.12
2011	8.38%	42,674.00	111,976.49	154,650.49
2012	8.38%	46,250.00	108,400.41	154,650.41
2013	8.38%	50,126.00	104,524.66	154,650.66
2014	8.38%	54,327.00	100,324.10	154,651.10
2015	8.38%	58,879.00	95,771.50	154,650.50
2016	8.38%	63,813.00	90,837.44	154,650.44
2017	8.38%	69,161.00	85,489.91	154,650.91
2018	8.38%	74,957.00	79,694.22	154,651.22
2019	8.38%	81,238.00	73,412.82	154,650.82
2020	8.38%	88,046.00	66,605.08	154,651.08
2021	8.38%	95,424.00	59,226.82	154,650.82
2022	8.38%	103,420.00	51,230.29	154,650.29
2023	8.38%	112,087.00	42,563.70	154,650.70
2024	8.38%	121,480.00	33,170.81	154,650.81
2025	8.38%	131,660.00	22,990.78	154,650.78
2026	8.38%	142,693.00	11,957.67	154,650.67
		1,758,771.00	4,398,398.80	6,157,169.80

*\* to be modified*

Smith Barney, Harris Upham & Co.  
Incorporated

November 4, 1986

[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:

\_\_\_\_\_  
11/05/86  
GRAUN3-A



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
GRANT UNION PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1986 B

No. BR-1

\$431,387

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED THIRTY-ONE THOUSAND THREE HUNDRED EIGHTY-SEVEN DOLLARS (\$431,387), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated August 22, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 5th day of November, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be

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 payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT  
has caused this Bond to be signed by its Chairman and its corporate  
seal to be hereunto affixed hereon and attested by its Secretary,  
and has caused this Bond to be dated November 6, 1986.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: November 6, 1986

KANAWHA VALLEY BANK, N.A.,  
as Registrar

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

TABLE 3

GRANT-UNION PUBLIC SERVICE DISTRICT  
 Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1 -----	Zero Coupon Bonds -----
1987	0.00
1988	0.00
1989	11,352.27
1990	11,352.29
1991	11,352.29
1992	11,352.29
1993	11,352.29
1994	11,352.29
1995	11,352.29
1996	11,352.29
1997	11,352.29
1998	11,352.29
1999	11,352.29
2000	11,352.29
2001	11,352.29
2002	11,352.29
2003	11,352.29
2004	11,352.29
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2006	11,352.29
2007	11,352.29
2008	11,352.29
2009	11,352.29
2010	11,352.29
2011	11,352.29
2012	11,352.29
2013	11,352.29
2014	11,352.29
2015	11,352.29
2016	11,352.29
2017	11,352.29
2018	11,352.29
2019	11,352.29
2020	11,352.29
2021	11,352.29
2022	11,352.29
2023	11,352.29
2024	11,352.29
2025	11,352.29
2026	11,352.29
	-----
	431,387.00

Smith Barney, Harris Upham & Co.  
 Incorporated

November 4, 1986

[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:

\_\_\_\_\_  
11/05/86  
GRAUN3-B



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE, III  
CHRISTOPHER P. BASTIEN  
STEVEN R. MCGOWAN  
MARTIN R. SMITH, JR.

OF COUNSEL  
ROBERT W. LAWSON, JR.  
EDWARD W. EARDLEY  
EUGENE G. EASON

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WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

November 6, 1986

WRITER'S DIRECT DIAL NUMBER

## Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

We are bond counsel to Grant-Union Public Service District (the "Governmental Agency"), a public service district and public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated August 22, 1986, (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated November 6, 1986 (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 \$1,758,771, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the

"Project") (ii) paying interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately six months thereafter; (iii) funding a reserve account for the Bonds; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Local Bonds.

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

6. The Local Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, 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 exempt from federal income taxation and is exempt from personal income taxes imposed directly thereon by the State of West Virginia; provided that no opinion is expressed with respect to application of the alternative minimum tax to the interest on the Local Bonds as a part of the untaxed reported profit of corporations, or to the application of an environmental tax imposed upon corporations under H.R. 2005 (the "Superfund Legislation").

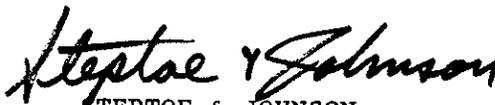
7. The Final Order of the Public Service Commission of West Virginia entered October 21, 1986 (Case No. 86-276-S-CN), granting to the Governmental Agency a Certificate of Convenience and Necessity and approving the Governmental Agency's sewer rates and charges and proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application or the Hearing Examiner's Decision. The District and the staff of the Public Service Commission of West Virginia have stated in writing that they do not intend to appeal such Final Order.

8. The Governmental Agency has not, as of the date of delivery of the Bonds, received an NPDES permit, as required by the Loan Agreement. The District anticipates receipt of such permit in approximately 20 days and will not commence construction until such permit is received.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

  
STEPTOE & JOHNSON



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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WRITER'S DIRECT DIAL NUMBER

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RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

November 6, 1986

## Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 B

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

Gentlemen:

We are bond counsel to Grant-Union Public Service District (the "Governmental Agency"), a public service district and public corporation and political subdivision created and existing under Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Local Statute").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated August 22, 1986 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated November 6, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$431,387, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2025, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated August 22, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue

Bonds, Series 1986 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, the Local Statute, for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the "Project"), (ii) funding a reserve account for the Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Local Act") duly adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Supplemental Bonds.

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

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

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

8. The Final Order of the Public Service Commission of West Virginia entered October 21, 1986 (Case No. 86-276-S-CN), granting to the Governmental Agency a Certificate of Convenience and Necessity and approving the Governmental Agency's sewer rates and charges and proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application or the Hearing Examiner's Decision. The District and the staff of the Public Service Commission of West Virginia have stated in writing that they do not intend to appeal such Final Order.

9. The Governmental Agency has not, as of the date of delivery of the Bonds, received an NPDES permit, as required by the Loan Agreement. The District anticipates receipt of such permit in approximately 20 days and will not commence construction until such permit is received.

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

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

Very truly yours,

  
STEPTOE & JOHNSON



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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W. RANDOLPH FIFE

November 6, 1986

## Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$1,758,771 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds"), of Grant-Union Public Service District (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Chairman of the Governmental Agency on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 to support the conclusion that the Governmental Agency Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

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

Very truly yours,

  
STEPPOE & JOHNSON

11/05/86  
GRAUNI-J



LAW OFFICES

*Michael and Kupec*

228 COURT STREET

CLARKSBURG, WEST VIRGINIA 26301

304 / 623-6678

JOSEPH T. MICHAEL  
OF COUNSEL

THOMAS W. KUPEC  
THOMAS R. MICHAEL

November 6, 1986

Grant-Union Public Service District  
Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

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

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

Gentlemen:

I am attorney for Grant-Union Public Service District, in Harrison County, West Virginia (the "Governmental Agency"). As such attorney, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated August 22, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents related to the above-captioned Governmental Agency Bonds of the Governmental Agency. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

2. The members of the public service board of the Governmental Agency have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Governmental Agency.

West Virginia Water Development Authority, et al.  
November 6, 1986  
page 2

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

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

5. Except as noted below, the Governmental Agency has received all permits, licenses, approvals, and authorizations necessary for the issuance of the Governmental Agency Bonds, construction of the Project, operation of the System and imposition of rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution as to such rates and the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia. The Governmental Agency has not yet received the State Water Pollution Control Permit, but expects this permit prior to December 1, 1986, and will not commence construction of the Project until such permit is received. The appeal period of the PSC Order awarding a certificate of convenience and necessity has not expired. The District will not appeal. I have received a letter from the PSC Counsel stating that they will not appeal.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Governmental Agency Bonds or the collection or pledge of the Net Revenues.

West Virginia Water Development Authority, et al.  
November 6, 1986  
page 3

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

Very Truly yours,

  
Thomas R. Michael

TRM:vrk



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Grant-Union Public Service District in Harrison County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with the \$2,190,158 aggregate principal amount of Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Governmental Agency adopted November 5, 1986, and a Supplemental Resolution adopted concurrently therewith (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity

of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental Agency taken with respect to the issuance or sale of the Governmental Agency Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Governmental Agency Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since the approval and execution and delivery by the Governmental Agency of the Loan Agreement and the Governmental Agency has met all conditions prescribed in all previous loan agreements, if any, entered into between the Governmental Agency and the Authority. Simultaneously with the issuance of the Governmental Agency Bonds all outstanding obligations of the Governmental Agency have been paid, and there are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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

Order of County Commission creating Public Service District.

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

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavits of Publication of Notices of Borrowing and Petition Form.

Bond Resolution.

Supplemental Resolution.

Minutes of 1986 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

Public Service Commission Orders entered October 15, 1986, and October 21, 1986.

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Rezin B. Hudkins	December, 1981	December, 1987
Alfred H. Norman	January, 1986	January, 1992
Evan Hugus	November, 1985	November, 1991

The names of the duly elected, qualified and acting members of the Public Service Board of the Governmental Agency for the calendar year 1986 are as follows:

Chairman - Rezin B. Hudkins  
Secretary/Treasurer - Alfred H. Norman

The duly appointed and acting Attorney for the Governmental Agency is Thomas R. Michael, Esquire, of Clarksburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Governmental Agency 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 Governmental Agency to pay for the same without jeopardizing the security of or payments on the Governmental Agency Bonds.

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$6,171,970. Said commitment of EPA is as of this date is still in force and effect. The Other Grants are committed to the Issuer and as of this date remain in force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Governmental Agency contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting

the Governmental Agency has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Governmental Agency has received an Order of the Hearing Examiner of the Public Service Commission of West Virginia entered October 15, 1986, granting a certificate of convenience and necessity for the Project and approving rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated November 6, 1986, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority a portion of the principal amount of the Series 1986 A Bonds, being the sum of \$458,839.46. The balance of the proceeds of the Series 1986 A Bonds will be paid to the District upon receipt by the District of NPDES Permit. Proceeds of the Series 1986 B Bonds in the amount of \$431,387 are expected to be received in approximately 60 days.

15. PUBLICATION AND POSTING OF NOTICE OF BORROWING AND PETITION: The Governmental Agency has published and posted a notice with respect to the acquisition and construction of the Project anticipated user rates and charges, and issuance of the Governmental Agency Bonds and has provided a petition form permitting registered voters who may be opposed to such acquisition and construction or borrowing to sign such petition, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended (in effect at such time). Less than 50% of the registered voters in the area to be served by the Project have signed such petition. Additionally, the Governmental Agency has published a second notice setting forth all information contained in the aforesaid notice, and setting forth the rates and charges for the System, as approved by the West Virginia Public Service Commission.

16. PRIVATE USE OF FACILITIES: Less than 10% of the facilities constituting the System will be available for use by any single private entity, and such facilities will at all times be available to serve all members of the general public within the service area on an equal basis.

17. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of GRANT-UNION PUBLIC SERVICE DISTRICT on this 6th day of November, 1986.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Regin B. Hudkins

Chairman

Alfred H. Norman

Secretary

Thomas R. Michal

Attorney for Governmental Agency

11/05/86  
GRAUNI-L



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

CERTIFICATE AS TO ARBITRAGE

I, REZIN B. HUDKINS, Chairman of the public service board of Grant-Union Public Service District, in Harrison County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$1,758,771 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Governmental Agency, dated November 6, 1986 (the "Governmental Agency Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the "Code"). I am one of the officers of the Governmental Agency charged with the responsibility of issuing the Governmental Agency 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 Governmental Agency.

2. This certificate may be relied upon as the certificate of the Governmental Agency.

3. The Governmental Agency 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 Governmental Agency or that there is any disqualification of the Governmental Agency by the Internal Revenue Service because a certification made by the Governmental Agency contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on November 6, 1986, the date on which the Governmental Agency Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Resolution pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which

would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Governmental Agency Bonds were sold on November 6, 1986, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$1,758,771 (100% of par).

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain sanitary sewage facilities (the "Project"), funding a reserve account, capitalized interest and costs of issuance thereof.

8. The Governmental Agency shall, within 30 days following delivery of the Governmental Agency Bonds, enter into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Governmental Agency Bonds, all of the proceeds from the sale of the Governmental Agency Bonds together with any investment earnings thereon will be spent from payment of Costs of the Project on or before May 1, 1987. Construction of the Project is expected to be completed by November, 1987.

9. The total cost of the Project is estimated at \$9,172,087. The amount of Project costs not expected to be reimbursed or paid from grants and tap fees is estimated to be at least \$2,190,158. Except for the proceeds of the Governmental Agency Bonds, the Series 1986 B Bonds the Grants and the tap fees, no other funds of the Governmental Agency 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 IV of the Local Act, the following special funds or accounts have been created:

- (1) Bond Construction Trust Fund;
- (2) Renewal and Replacement Fund, and within the Renewal and Replacement Fund the Grinder Pump Replacement Reserve Account and the New Connection Reserve Account;

(3) Series 1986 A Bonds Sinking Fund, and within the Series 1986 A Bonds Sinking Fund the Series 1986 A Bonds Reserve Account; and

(4) Series 1986 B Bonds Sinking Fund, and within the Series 1986 B Bonds Sinking Fund and the Series 1986 B Bonds Reserve Account.

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

(1) The sum of \$221,078 will be deposited in the Series 1986 A Bonds Sinking Fund to pay interest on the Series 1986 A Bonds for a period of approximately 18 months.

(2) The sum of \$466,414.46 will be paid to the Governmental Agency and applied to immediate payment of prior borrowings of the Governmental Agency for the purpose of funding design costs.

(3) Series 1986 A Bonds proceeds in the amount of \$154,652 will be deposited in the Series 1986 A Bonds Reserve Account and Series 1986 B Bonds proceeds in the amount of \$11,353 will be deposited in the Series 1986 B Bonds Reserve Account, which sums are equal to the respective maximum annual debt services on the Series 1986 A and Series 1986 B Bonds, and is less than 10% of the several and combined net proceeds thereof.

(4) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

12. All moneys in the Series 1986 A Bonds Sinking Fund (including any income earned thereon) will be held for the payment of the interest to accrue on the Governmental Agency Bonds on or prior to the maturity thereof. Moneys held in the Series 1986 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Series 1986 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there

is a reasonable assurance that amounts therein will be available to pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

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

15. With the exception of the amounts deposited in the Series 1986 A Bonds Sinking Fund for payment of interest on the Governmental Agency Bonds and in the Series 1986 A Bonds Reserve Account, all of the proceeds of the Governmental Agency Bonds will be expended on the Project within 12 months from the date of issuance thereof.

16. Any money deposited in the Series 1986 A Bonds Sinking Fund for payment of the principal of or interest on the Governmental Agency Bonds (other than the Series 1986 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

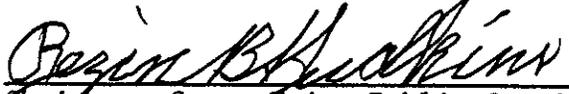
17. The Governmental Agency shall rebate to the United States the amounts required by Section 148 of the Internal Revenue Code of 1986, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

18. The Governmental Agency will take all further actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

19. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

20. 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  
November, 1986.

  
\_\_\_\_\_  
Chairman, Grant-Union Public Service  
District

11/05/86  
GRAUNI-M



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

ENGINEER'S CERTIFICATE

I, W. L. Cerrone, Registered Professional Engineer, West Virginia License No. 199-2, of Cerrone & Vaughn, Inc., Consulting Engineers, of Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain new public service properties for the treatment, collection and transportation of sewage and industrial wastes (the "Project") for Grant-Union Public Service District (the "Governmental Agency"). Certain costs of such construction and acquisition are being permanently financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency ("EPA") and West Virginia Water Development Authority.

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, as described in the Application submitted to the West Virginia Water Development Authority (the "Application") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Grant-Union Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been or will be obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project and operation of the System, including permits from the EPA and the West Virginia Department of Natural Resources or will obtain such permits prior to commencement of construction of the Project;

(v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Governmental Agency comply with the applicable provisions of 4.1(b) of the Loan Agreement by and between West Virginia Water Development Authority and the Governmental Agency; and (viii) the net proceeds of the Governmental Agency Bonds, together with the proceeds of grants irrevocably committed therefor, are sufficient to pay in full all Costs of the Project as the same shall become due and payable.

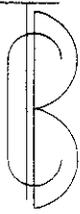
WITNESS my signature on this 6th day of November, 1986.

CERRONE & VAUGHN, INC.

By 

11/05/86  
GRAUN1-N





# Tetrick, Bartlett & Co.

ACCOUNTANTS

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122 North Oak Street • P. O. Box 1916 • Clarksburg, West Virginia 26301 • Telephone: (304) 624-5564

---

November 6, 1986

Grant-Union Public Service District  
Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

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

Gentlemen:

Based upon the rates and charges as approved in the Order of the hearing examiner of the West Virginia Public Service Commission entered October 15, 1986 (Case No. 86-276-S-CN), and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Cerrone & Vaughn, Inc., Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Grant-Union Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1986, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

TETRICK, BARTLETT & CO.

*Tetrick, Bartlett & Co.*

bls



ORDERS—Commissioners Harrison County Court, W. Va.

Session Held

Monday, December 15th,

1975

CASTER & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 57084-A

from which they seek appointment and that they are both persons of good moral character. It is therefore ordered that the said Melvin Clemans and Carrol Lee Crites be and they are hereby granted certificates upon which to obtain the appointment of ;the office of Notary Public.

Harry L. Bartlett

Granted Minister's License

Upon application of Harry L. Bartlett, who proved to the satisfaction of the Commission that he is an ordained minister of the Light-house Gospel Center, Inc., Tulsa, Oklahoma, it is ordered that the said Harry L. Bartlett, who was ordained on the 10th day of October, 1975, be and he is hereby granted a license to solemnize the rites of marriage in all of the counties of the State of West Virginia, as provided by chapter 48, article 1, Section 12-A, of the West Virginia Code, as amended, no bond was required said Harry L. Bartlett presenting to the Commission proof of his ordination by said church.

It is ordered that the Commission be adjourned ;until Tuesday, December 16th, 1975 at 10:00 o'clock

\_\_\_\_\_, President

Tuesday, December 16th, 1975

The Commission sat pursuant to its adjournment on  
Monday, December 15th, 1975

Present: Daniel L. McCarthy, President

James E. Boyce, Commissioner

ORDERS—COMMISSIONERS HARRISON COUNTY COURT, ...

Session Held

Tuesday, December 16th,

1975

Grant-Union Public Service District

Created

STATE OF WEST VIRGINIA.

At a regular Term of the County Commission of Harrison County, West Virginia, held at the Courthouse of said County, Commissioners Daniel L. McCarthy and James E. Boyce, a majority of the members being present thereat, on the 16th day of December, 1975, the following order was made and entered, to-wit:

GRANT-UNION PUBLIC SERVICE DISTRICT:

At a regular Term of the County Commission of Harrison County, held at the Courthouse of said County, Commissioners Daniel L. McCarthy and James E. Boyce, a majority of the members being present thereat, on the 16th day of December, 1975, being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Grant-Union Public Service District, as contemplated and provided for in a resolution and order adopted by the County Commission on the 10th day of November, 1975, the President announced that due publication of notice of such public hearing, in accordance with said order, had been made in the Clarksburg Exponent on Wednesday, the 3rd day of December, 1975, as appears from a Certificate of Publication tendered to the County Commission and now filed herein, such notice stating that all persons residing in or owning or having any interest in property in the area to be embraced within the boundaries of such public service district desiring to be heard for or against the creation of said District would be heard. The President further announced that the Affidavit of Rezin B. Hudkins was filed herein, setting out facts concerning the posting of notices in accordance with said order, in five (5) conspicuous places within the limits of the proposed public service district, said notices containing the same information contained in the published notice and such posted notices were posted not less than

CASTO & HARRIS INC., SPENCER, W. VA. RECORDER NO. 57084-A

ten (10) days prior to the date of this hearing. All such interested persons desiring to be heard were given full opportunity at the hearing held on this date, and a number of such persons testified in favor of such creation and none in opposition thereto.

The County Commission then further discussed the creation of said Public Service District, whereupon, on unanimous vote of the Commissioners, the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION creating the Grant-Union Public Service District in Harrison County, West Virginia.

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by a resolution and order adopted November 10, 1975, fix a date for a public hearing on the creation of the Grant-Union Public Service District for the purpose of supplying sewerage services and facilities within the territory to the extent permitted by law, 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 area to be embraced within the boundaries of such public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said District; and

WHEREAS, the territory hereinafter described does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the Code of West Virginia, as amended ("the Act"), which furnishes the residents within such territory or any part thereof sewerage services as defined in the Act; nor is there included within the above described territory any city, incorporated town or other municipal corporation having a population in excess of three thousand

OFFICE  
RNG.  
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ING. W. VA.

CASE & NATALINE, SPENCER, W. VA. NO. 5708-A

(3,000) persons; however, there is included within the above described territory two (2) incorporated towns, namely, The Town of Lost Creek and the Town of West Milford; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons having been afforded an opportunity to be heard for and against the creation of said District, and upon the need for sewerage services described generally at the hearing, and no written protest having been filed by the requisite number of qualified voters residing within the area to be embraced within the boundaries of such public service district or otherwise, and said County Commission having given due consideration to all matters for which such hearing; and

WHEREAS, said County Commission is of opinion and hereby determines that the creation of the proposed Public Service District is feasible, and that the sewerage services proposed for said District will be conducive to the preservation of public health, comfort and convenience of persons residing within said District, and that a resolution and order creating said District should be adopted:

NOW, THEREFORE, Be It, And It Is Hereby, Ordered and Resolved by the County Commission of Harrison County, West Virginia, as follows:

I.

A Public Service District within the County of Harrison in the State of West Virginia, is hereby created, and said District shall have the following boundaries:

CANN  
DINE  
W. VA.

The Grant-Union Public Service District, hereby described, is partly located in Grant, Union, Elk and Clark Magisterial Districts in Harrison County, West Virginia, and is further described as being the watershed area of West Fork River and being between the eastern divide and western divide and the area being also upstream of Clarksburg and in south central and southwest part of Harrison County and more generally described as follows:

BEGINNING at Mt. Clare Road (W. Va. Route No. 25) and River Bend Park Road (W. Va. Route No. 19/53) intersection and thence southward along the ridges and divides and the divide between West Fork River and Arnold Run watershed, 7350 feet, more or less; thence along the watershed divide between West Fork River and Elk Creek watersheds and generally following the divide (partly and mostly the eastern boundary line of Union Magisterial District) a distance of 15,000 feet, more or less; thence east to a point, a distance of 6072 feet, more or less; thence with Elk Creek for a distance of 5280 feet, more or less; thence south for a distance of 900 feet, more or less; thence South  $36^{\circ}45'$  West for a distance of 8075 feet, more or less; thence South  $6^{\circ}40'$  West for a distance of 950 feet, more or less to a point on the western boundary of Grant Magisterial District; thence southward along said boundary for a distance of approximately 48,000 feet, more or less, to the southern boundary line of Harrison County at the Harrison, Lewis, Upshur County common boundary corner; thence, approximately 14,230 feet westward with the Harrison-Lewis County line to the watershed divide between McKenny Creek and Lost Creek watersheds and continues 16,000 feet, more or less, along this divide to the gap on W. Va. Route No. 25 south of the Town of Lost Creek; thence 4500 feet, more or less, along the watershed divide between McKenny Run and Dick Run; thence 9000 feet, more or less, along the watershed divide between McKenny Run and Vens-Run (tributaries of Hackers Creek) to the south county line; thence with south Harrison County line, crossing Hackers Creek and West Fork River to the southwest corner of Harrison County, a distance of 68,000 feet, more or less; thence following the meanderings of the west county line which is also a watershed divide, to the headwaters of Isaac Creek (east of Big Isaac) of West Fork River watershed approximately 32,500 feet, more or less; thence 46,500 feet, more or less, to and along the divide between the Termile Creek watershed and the headwaters of Buffalo Creek, Sycamore Creek and their tributaries to the common corner of Coal, Termile and Union Magisterial Districts; thence along the watershed divide between Simpson Creek and the headwaters of Coburns Run, Davisson Run and Washburncamp Run to the eastern watershed

divide of Davisson Run, a distance of 26,000 feet, more or less; thence 6100 feet, more or less, down along the divide to W. Va. U. S. Route No. 19 and following northside of State Route No. 19, 1500 feet, more or less, to City of Clarksburg near river bend; thence upstream of the West Fork River approximately 3200 feet to the Baltimore and Ohio river bridge; thence with the city boundary to the River Bend Park Road W. Va. Route No. 19/53 and along State Route No. 19/53 to W. Va. Route No. 25, 650 feet, more or less, and the place of beginning, containing 100 square miles, more or less, as shown and designated on a map or plat entitled Grant-Union Public Service District, Harrison County, West Virginia, Cerrone & Vaughn, Inc. Engineers.

## II.

Said Public Service District shall have the name and corporate title of GRANT-UNION PUBLIC SERVICE DISTRICT, and shall constitute a public corporation and political subdivision of the State of West Virginia with the right to construct, maintain, operate, improve and extend sewerage services and facilities within the territory, for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, to the extent permitted by law, having all the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly by Article 13A of Chapter 16 of the West Virginia Code.

## III.

There being no city, incorporated town or other municipal corporation having a population in excess of three thousand (3,000) persons included within said District, the County Commission hereby appoints the following three (3) persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

ORDER

Session Held

Tuesday, December 16th,

19 75

W. CASO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 57084-A

- Rezin B. Hudkins - six (6) years,
- Alfred <sup>H.</sup>Norman, ~~et al~~ - four (4) years,
- Hugus Evans - two (2) years,

such terms to run from the 1st day of December, 1975, all in accordance with the provisions of West Virginia Code, Chapter 16, Article 13A, Section 3. Said members shall qualify by meeting in the Office of the Clerk of the County Commission as soon as practicable and taking an oath of office, and shall thereafter meet as said Board and organize, pursuant to the provisions of said Statute.

ENTER this 16th day of December, 1975.

COUNTY COMMISSION OF HARRISON COUNTY,  
WEST VIRGINIA

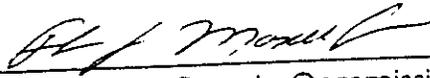
By James E. Boyce  
James E. Boyce, County Commissioner

By Daniel L. McCarthy  
Daniel L. McCarthy, County Commissioner

STATE OF WEST VIRGINIA,  
County of Harrison:

I, FRANK J. MAXWELL, JR., Clerk of the Harrison County Commission do hereby  
certify that the foregoing writing is a true and accurate copy as appears of  
record in my office in General Order Book No. 47 at Page  
625 of said records.

Given under my hand and Seal of said Office this 5 day of  
July 19 84.

  
\_\_\_\_\_  
Clerk, Harrison County Commission



STATE OF WEST VIRGINIA,

Before the Clerk of the Harrison County Commission,

While a quorum of the Commission was not present, Wednesday, February 9th, 1983:

Rezin B. Hudkins and  
Alfred H. Norman

Re-Appointed Members of Grant-Union  
Public Service District Board

WHEREAS, the terms of office of Rezin B. Hudkins and Alfred H. Norman as Members of the Grant-Union Public Service District expired on December 16, 1981 and December 16, 1979, respectively; and

WHEREAS, said Rezin B. Hudkins and Alfred H. Norman have continued to serve as such members aforesaid, and;

WHEREAS, said Rezin B. Hudkins and Alfred H. Norman were re-appointed such members by said district; and;

WHEREAS, THE Harrison County Commission desires to ratify such appointments;

NOW BE IT THEREFORE ORDERED that Rezin B. Hudkins be reappointed as such member effective December 16, 1981 and to continue until December 16, 1987 and it is also further ordered that Alfred H. Norman be reappointed such member effective December 16, 1979 and to continue until December 16, 1985.

Thereupon came said Rezin B. Hudkins and Alfred H. Norman, and  
accepted said office or trust and took the oath prescribed by law.

Attest:

Frank J. Maxwell, Clerk

ORDERS--Commissioners Harrison County, W. Va. 35

Session Held

Friday, January 31st,

19 86

Friday, January 31, 1986

The Commission sat pursuant to its adjournment on  
Thursday, January 30th, 1986

Present: Thomas A. Keeley, President  
Frank X. Lopez, Commissioner  
Ruby Keister, Commissioner

County Commission

Bid Received; Purchase Authorized --  
Checkwriter

The County Commission of Harrison County, having advertised as provided by law, received only one bid for a high through put check writing machine. After considering the bid received from Burroughs Corporation for the Burroughs T2900 checkwriting machine for \$6895.00 which includes a \$600.00 trade in on the T8142, It is therefore ordered that the purchase be authorized. Also authorized to purchase the optional stand for \$550.00.

Alfred H. Norman

Re-Appointed Member of Grant Union  
Public Service District

WHEREAS, the term of office of Alfred H. Norman as a Member of the Grant Union Public Service District expired on December 16, 1985; and,

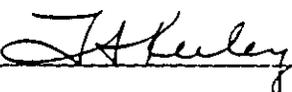
WHEREAS, said Alfred H. Norman was reappointed such member at a regular meeting of said Board, and;

WHEREAS, more than thirty (30) days have elapsed since the expiration of said term, and;

WHEREAS, the County Commission desires to ratify such appointment  
NOW BE IT THEREFORE ORDERED that said Alfred H. Norman be and he is hereby re-appointed a member of the Grant Union Public Service District Board for a term of Six (6) years from the 31st day of January, 1986 and continuing until January 31, 1992.

Thereupon came said Alfred H. Norman and accepted said office or trust and took the oath prescribed by law.

It is ordered that the Commission be adjourned until Monday, February 3rd, 1986 at 10:00 o'clock a.m.

 , President

ORDERS—Commissioners Harrison County, W. Va. 267

Session Held

Monday, November 18th,

19 85

STATE OF WEST VIRGINIA,

In the presence of the Clerk of the Harrison County Commission,

While a quorum of the Commission was not present, Monday, November 18 1985:

NO BUSINESS TRANSACTED

Attest:

*[Handwritten Signature]*

, Clerk

Tuesday, November 19th, 1985

The Commission was pursuant to its adjournment on

Thursday, November 14th, 1985

Present: Frank X. Lopez, Commissioner  
Ruby Keister, Commissioner

Evan Hugus

Re-Appointed Member, Grant-Union  
Public Service District

WHEREAS, the term of office of Evan Hugus as a Member of the Grant-Union Public Service District has expired, and;

WHEREAS, more than thirty days have elapsed since the expiration of said term of office, and;

WHEREAS, at a regular meeting of said Public Service District Evan Hugus was re-appointed as a member aforesaid, and;

WHEREAS, the Harrison County Commission desires to ratify such appointment,

NOW BE IT THEREFORE ORDERED that said Evan Hugus be and he is hereby re-appointed a member of the Grant-Union Public Service District for a term of six (6) years commencing this date November 19, 1985 and continuing until November 19, 1991.

Thereupon came said Evan Hugus and accepted said office or trust and took the oath prescribed by law.

It is ordered that the Commission be adjourned until Wednesday, November 20th, 1985 at 10:00 o'clock a.m.

*[Handwritten Signature]*, President

STATE OF WEST VIRGINIA,

County of Harrison:

I, NELSON L. BLANKENSHIP, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in General Order Book No. 52 at Page 90, of said records.

Given under my hand and Seal of said Office this 5th day of November, 19 86.

  
Clerk, Harrison County Commission

STATE OF WEST VIRGINIA,

County of Harrison:

I, NELSON L. BLANKENSHIP, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in General Book No. 54 at Page 267, of said records.

Given under my hand and Seal of said Office this 5th day of November, 19 86.

  
Clerk, Harrison County Commission

STATE OF WEST VIRGINIA,

County of Harrison:

I, NELSON L. BLANKENSHIP, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in General Order Book No. 54 at Page 355, of said records.

Given under my hand and Seal of said Office this 5th day of November, 19 86.

  
Clerk, Harrison County Commission



# Oath of Office and Certificate

State of West Virginia, }  
Harrison County, to-wit: }

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Grant - Union Public Service District

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

Signature of Affiant *Benjamin B. Hedrick*

Subscribed and sworn to before me, in said County and State, this 9th day of February, 19 83

*Ruby Keister*  
Member Harrison County Commission

## STATE OF WEST VIRGINIA

In the Clerks Office of Harrison County Commission

*Subman*..... 19 83..

The foregoing OATH OF OFFICE was this day presented in said office and duly admitted to record.

*Frank J. Mahwell*..... Clerk

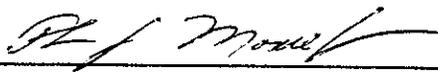
By *W. Kelly*..... Deputy Clerk

STATE OF WEST VIRGINIA,

County of Harrison:

I, FRANK J. MAXWELL, JR., Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in \_\_\_\_\_<sup>Oath</sup> Book No. \_\_\_\_\_<sup>10</sup> at Page 1046 of said records.

Given under my hand and Seal of said Office this 5 day of July, 1984.

  
\_\_\_\_\_  
Clerk, Harrison County Commission



STATE OF WEST VIRGINIA,

County of Harrison:

I, NELSON L. BLANKENSHIP, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in <sup>Oath of Office</sup> \_\_\_\_\_ Book No. 11 at Page 502, of said records.

Given under my hand and Seal of said Office this 5th day of November, 19 86.

  
Clerk, Harrison County Commission



STATE OF WEST VIRGINIA,

County of Harrison:

I, NELSON L. BLANKENSHIP, Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in Oath of Office Book No. 11 at Page 496, of said records.

Given under my hand and Seal of said Office this 5th day of November, 19 86.

  
Clerk, Harrison County Commission



RULES OF PROCEDURE

GRANT-UNION PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GRANT-UNION PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Mt. Clare, Harrison County, West Virginia.

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

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

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

##### PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special

sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Harrison 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 Harrison 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:

GRANT-UNION PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Grant-Union Public Service District will meet in special session on \_\_\_\_\_, at \_\_\_\_\_ .m., prevailing \_\_\_\_\_ time, at \_\_\_\_\_

\_\_\_\_\_ ,  
West Virginia, for the following purposes:

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

funds for construction of \_\_\_\_\_  
\_\_\_\_\_ facilities of the District.

2.

\_\_\_\_\_  
Secretary

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

#### ARTICLE V

##### OFFICERS

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

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

#### ARTICLE VI

##### DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these bylaws, 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.

10/28/86  
GRAUNI-0

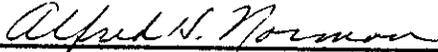
MINUTES OF ORGANIZATION MEETING FOR CURRENT YEAR

On February 6, 1986, a meeting was held in Mt. Clare, Harrison County, West Virginia, to nominate and reelect officers for the year 1986 for Grant-Union Public Service District Board.

The meeting was called to order by Chairman, Rezin B. Hudkins, and the following people were nominated and elected to the following offices:

Chairman	-	Rezin B. Hudkins
Secretary	-	Alfred H. Norman
Treasurer	-	Evan Hugus

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.

  
Secretary, Grant-Union Public Service  
Board, Grant-Union Public Service  
District

11/05/86  
GRAUN1-P



NOTICE  
GRANT-UNION PUBLIC  
SERVICE DISTRICT,  
HARRISON COUNTY, WEST VIRGINIA  
\$2,500,000 Sewer Revenue Bonds  
and \$8,000,000 Sewerage System  
Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Grant-Union Public Service District, Harrison County, West Virginia, that Grant-Union Public Service District needs to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities (the "Project") in Grant-Union Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$2,500,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and the State of West Virginia Water Development Authority, and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to Cerrone & Vaughn, Inc., Consulting Engineers, is ~~\$2,000,000~~ <sup>\$2,500,000</sup> ~~the Project is expected to serve 1,013 customers when completed.~~

At or prior to commencement of construction of the Project, the District contemplates borrowing, at an interim base from time to time, sums not to exceed \$8,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, a line of credit or some combination of the foregoing (collectively, the "Notes"). The Notes shall be interest at a rate or rates not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, construction charges, revenues of the Project or a combination of the foregoing.

A security for payment of the Notes, the District may obtain a letter of letters of credit from a commercial bank or banks for an amount not to exceed \$2,000,000, in connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and obligating the District to issue its sewer system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, as all as will be set forth in said reimbursement agreement.

The anticipated rates to be charged by the District for sewer service are: a flat rate of \$5.40, plus \$3.20 per thousand gallons used per month, for metered users. For users without water meters the monthly charge shall be a flat rate of \$21.40. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time construction fee of \$50 will be charged to each user of the System if paid during construction of the Project. If paid after completion of construction of the Project, the construction fee shall be \$250.

For a period of 30 days following publication of this Notice, a form will be available in the office of the Clerk of the County Commission of Harrison County at the Harrison County Courthouse, 3rd and Main Streets, Clarksburg, West Virginia, and in the office of the District, located at the intersection of Mt. Clare and Chubb Run Roads, Mt. Clare, West Virginia, for registered voters who are residents of that portion of the District which will be served by the Project to sign indicating their opposition to the District's borrowing money or issuing the Bonds upon the terms or for the purpose stated herein. These forms will be available during regular business hours, West Virginia Code, Chapter 16, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project.

W. R. R. B. Hudkins  
Chairman, Public Service Board  
Grant-Union Public Service District  
2/10/88  
GRAUN1-8

PUBLISHER'S CERTIFICATE

VS.

STATE OF WEST VIRGINIA,  
COUNTY OF HARRISON:

I, DEBORAH S. VELTRI

Classified Office Manager of CLARKSBURG TELEGRAM, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

NOTICE

GRANT-UNION DISTRICT

was published in said CLARKSBURG TELEGRAM once a week for 2 successive weeks,

commencing on the 18th day of April 1986

and ending on the 25th day of April 1986

The publisher's fee for said publication is \$ 79.08

Given under my hand this 25th day of April

1986

*Deborah S. Veltri*  
Classified Office Mgr. of Clarksburg Telegram.

SEAL

Subscribed and sworn to before me this 25th day

of April 1986

*John J. ...*  
Notary Public in and for Harrison County, W. Va.

My commission expires on the 24th day of October

1993

Form CA-15 T

NELSON L. BLANKENSHIP  
HARRISON COUNTY CLERK  
301 WEST MAIN STREET  
CLARKSBURG, WEST VIRGINIA 26301  
TELEPHONE 304 624-8611 ..



May 20, 1986

Mr. Thomas R. Michael  
Michael & Kupec  
228 Court Street  
Clarksburg, West Virginia 26301

Dear Mr. Michael:

I return herewith petitions regarding financing for the Grant-Union Public Service District which have been on file in my office for more than thirty (30) days. No one appeared to sign such petitions.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Nelson L. Blankenship".

Nelson L. Blankenship  
Clerk, Harrison County Commission

NLB/dm

Enclosures

NOTICE OF PETITION

GRANT-UNION PUBLIC SERVICE DISTRICT, HARRISON COUNTY, WEST VIRGINIA  
\$2,500,000 Sewer Revenue Bonds and \$8,000,000 Sewerage System Interim Borrowing

NOTICE IS HEREBY GIVEN to the residents of Grant-Union Public Service District, Harrison County, West Virginia, that Grant-Union Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities (the "Project") in Grant-Union Public Service District.

The District contemplates financing the Project in part through the issuance of its Sewer Revenue Bonds in the aggregate principal amount of not more than \$2,500,000 (the "Bonds"), bearing interest at a rate not to exceed 12% and with maturities not to exceed 40 years, in part from grants from the United States Environmental Protection Agency and, the State of West Virginia Water Development Authority, and in part from fees to be charged to customers of the Project and, if available, revenues generated from the Project prior to completion of construction. The estimated cost of the Project, according to Cerrone & Vaughn, Inc., Consulting Engineers, is \$7,881,580. The Project is expected to serve 1,013 customers when completed.

At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$8,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, a line of credit or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate or rates not to exceed 12% per annum, and shall have maturities not to exceed 30 months. All such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, construction charges and revenues of the Project or a combination of the foregoing.

As security for payment of the Notes, the District may obtain a letter or letters of credit from a commercial bank or banks for an amount not to exceed \$2,000,000. In connection with obtaining such letter or letters of credit, the District may enter into agreements with such banks, obligating the District to reimburse such banks for any draw under the letter or letters of credit and obligating the District to issue its sewerage system refunding notes in an amount equal to such draw to evidence such reimbursement obligation. Such refunding notes, if any, will bear interest at such rate or rates, not exceeding 12% per annum, payable on such dates; will mature on such date, not more than 24 months from the date of issuance thereof; will be redeemable; will be payable from the same sources as the Notes described above and will be subject to such other terms, all as will be set forth in said reimbursement agreement.

The anticipated rates to be charged by the District for sewer service are: Monthly charge of \$5.40, plus \$3.20 per thousand gallons used per month, for water metered users; For users without water meters the monthly charge shall be a flat rate of \$21.40. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time construction fee of \$50 will be charged to each user of the System if paid during construction of the Project. If paid after completion of construction of the Project, the construction fee shall be \$250.

For a period of 30 days following publication of this Notice, a form will be available in the office of the Clerk of The County Commission of Harrison County at the Harrison County Courthouse, 3rd and Main Streets, Clarksburg, West Virginia, and in the office of the District, located at the intersection of Mt. Clare and Chub Run Roads, Mt. Clare, West Virginia, for registered voters who are residents of that portion of the District which will be served by the Project to sign indicating their opposition to the District's borrowing money or issuing the Bonds upon the terms or for the purpose stated herein. These forms will be available during regular business hours. West Virginia Code, Chapter 16, Article 13A, Section 25, which authorizes such form, provides for the signing of such form only by registered voters who are residents of that portion of the District which will be served by the Project.

s/s *Resin P. McKin*



CERTIFICATION

The undersigned members of the Board of the Grant-Union Public Service District hereby certify that notice of their intent to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities in Grant-Union Public Service District, was published in the Clarksburg Telegram once a week for two consecutive weeks commencing on the 18th day of April, 1986, and ending on the 25th day of April, 1986, and that said notice was further posted in and that Petition forms were made available in the Office of the Clerk of the County Commission of Harrison County, Clarksburg, West Virginia, in the office of the Lost Creek-Mount Clare Public Service District, Mount Clare, West Virginia, in The Harrison County Bank, Lost Creek, West Virginia, in the Lost Creek Post Office, Lost Creek, West Virginia, and in the West Milford Superette, West Milford, West Virginia for a period of thirty days for residents and registered voters in the District to register their opposition to said sewage system, and that the copies of the Petitions attached hereto are true and accurate of copies of said Petition forms.

Rezin B. Hudkins  
Rezin B. Hudkins, Chairman Grant-  
Union Public Service District

Alfred H. Norman  
Alfred H. Norman

Evan Hugus  
Evan Hugus

Date: May 20, 1986

\$2,500,000 Sewer Revenue Bonds and \$8,000,000 Sewerage System Interim Borrowing.

NOTICE IS HEREBY GIVEN to the residents of Grant-Union Public Service District, Harrison County, West Virginia, that Grant-Union Public Service District intends to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all appurtenant facilities (the "Project") in Grant-Union Public Service District.

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At or prior to commencement of construction of the Project, the District contemplates borrowing, on an interim basis from time to time, sums not to exceed \$8,000,000 in the aggregate, such borrowings to be in the form of design notes, bond anticipation notes, grant anticipation notes, construction notes, a line of credit or some combination of the foregoing (collectively, the "Notes"). The Notes shall bear interest at a rate or rates not to exceed 12% per annum, and shall have maturities not to exceed 30 months. As such interim borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, the aforesaid grants, construction charges, revenues of the Project or a combination of the foregoing.

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The anticipated rates to be charged by the District for sewer service are: Monthly charge of \$4.60, plus \$3.67 per thousand gallons used per month, for water metered users; For users without water meters the monthly charge shall be a flat rate of \$22.95. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time connection fee of \$50 will be charged to each user of the System if paid prior to completion of construction adjacent to customer's property. If paid after completion of construction adjacent to customer's property, the connection fee shall be \$250.

s/s Rezin B. Hudkins  
Chairman, Public Service Board  
Grant-Union Public Service District  
10/15/86  
GRAUN1-B

PUBLISHER'S CERTIFICATE

VS.

STATE OF WEST VIRGINIA,  
COUNTY OF HARRISON:

I, DEBORAH S. VELTRI

Classified Office Manager of THE CLARKSBURG EXPONENT, a newspaper of general circulation published in the City of Clarksburg, County and State aforesaid, do hereby certify that the annexed

NOTICE

GRANT-UNION PUBLIC

was published in said THE CLARKSBURG EXPONENT once a week for 2 successive weeks,

commencing on the 18th day of October 19 86

and ending on the 25th day of October 19 86

The publisher's fee for said publication is \$ 51.63

Given under my hand this 25th day of October

19 86

*Deborah S. Veltri*

Classified Office Mgr. of The Clarksburg Exponent.



Subscribed and sworn to before me this 25th day

of October, 19 86

*[Signature]*

Notary Public in and for Harrison County, W. Va.

My commission expires on the 24th day of October

19 93



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1986 A and Series 1986 B

MINUTES ON ADOPTION OF BOND AND NOTES  
RESOLUTION

I, Alfred H. Norman, SECRETARY of the Public Service Board of Grant-Union Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Grant-Union Public Service District met in special session, pursuant to notice duly posted, on the 5th day of November, 1986, at Mt. Clare, West Virginia, at the hour of 7:00 p.m.

PRESENT: Rezin B. Hudkins - Chairman  
Alfred H. Norman - Member and Secretary  
Thomas R. Michael - Attorney

ABSENT: Evan Hugus

Also present were Dominick Cerrone and Howard Sole of Cerrone & Vaughn, Inc., Consulting Engineers, Gary Cottrill of G. L. Cottrill & Company, Inc., Investment Bankers, Lonnie Rogers of Tetrick & Bartlett, CPAs, and Vincent Collins, of Steptoe & Johnson, Bond Counsel.

Rezin B. Hudkins, Chairman, presided and Alfred H. Norman 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 PUBLIC SEWERAGE FACILITIES OF GRANT UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A,

NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN \$6,950,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Norman, seconded by Mr. Hudkins, 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 AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B OF GRANT-UNION PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

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

The Chairman then presented a sewer use ordinance in writing for adoption and upon motion of Mr. Norman, seconded by Mr. Hudkins, it was unanimously ordered that said sewer use

ordinance be adopted and be in full force and effect from the date hereof.

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

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

WITNESS my signature on this 6th day of November, 1986.

Alfred S. Norman  
Secretary, Grant-Union Public Service  
District

11/12/86  
GRAUN2-C





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III

841 Chestnut Building  
Philadelphia, Pennsylvania 19107

NOV 5 1967

Mr. Rezin B. Hudkins, Chairman  
Grant Union Public Service District  
Box 121  
Mt. Clare, West Virginia 26408

Dear Mr. Hudkins:

You are hereby advised that the bidding procedures for contract numbers 1A, 2, 3, 4, 5, and 6 of project C-540220-04 have been reviewed and approved. The contract may now be awarded to the low, responsive bidders, Niccassio and Sons, Ferri Contracting, CVAS Construction Group, Niccassio & Sons, Valley Development of West Virginia, and Carnegie Engineering, respectively as indicated by the proposals you have submitted.

Certain construction activities have been assigned to the West Virginia Department of Natural Resources. You will be contacted by a representative of this Agency in the near future.

In addition, based on our preliminary determination of eligible project costs, the amended grant will be approximately \$6,163,300, an increase of \$1,163,700. The grant will be amended accordingly in the near future.

Sincerely,

A handwritten signature in cursive script that reads "R. Fenton Roudabush".

R. Fenton Roudabush, Chief  
Virginia/West Virginia Section  
Construction Grants Branch

cc: Mike Johnson, DNR-WV



TABLE A - OBJECT CLASS CATEGORY  
(Non-construction)TOTAL APPROVED ALLOWABLE  
BUDGET PERIOD COST

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient _____% Federal _____%)	N/A
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION  
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient _____% Federal _____%)	N/A
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION  
(Construction)

Basic 75% Small Community 75% 10% Alternative

1. ADMINISTRATION EXPENSE	2,795	162	162
2. PRELIMINARY EXPENSE			
3. LAND STRUCTURES, RIGHT-OF-WAY			
4. ARCHITECTURAL ENGINEERING BASIC FEES	45,722	2,641	2,641
5. OTHER ARCHITECTURAL ENGINEERING FEES	80,915	4,673	4,673
6. PROJECT INSPECTION FEES	369,328	21,330	21,330
7. LAND DEVELOPMENT			
8. RELOCATION EXPENSES			
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES			
10. DEMOLITION AND REMOVAL			
11. CONSTRUCTION AND PROJECT IMPROVEMENT	4,994,070	288,500	288,500
12. EQUIPMENT			
13. MISCELLANEOUS (Design Allowance)	264,569	15,280	15,280
14. TOTAL (Lines 1 thru 13)			
15. ESTIMATED INCOME (If applicable)			
16. NET PROJECT AMOUNT (Line 14 minus 15)			
17. LESS: INELIGIBLE EXCLUSIONS			
18. ADD: CONTINGENCIES	499,601	28,414	28,414
19. TOTAL (Share: Recipient <u>24.5</u> % Federal <u>75.5</u> %)	6,257,000	361,000	361,000
20. TOTAL APPROVED ASSISTANCE AMOUNT (\$4,999,600)	4,692,750	\$ 270,750	36,100

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

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

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

(1) Regulations Affecting Federal Grant Payments

- (a) Payments shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33, Subpart A.
- (b) The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- (c) Payments shall be made in accordance with 40 CFR 35.2300.
- (d) The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

<u>Payment</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	1/85	\$105,700	\$ 105,700
2	2/86	145,600	251,300
3	3/86	361,760	613,060
4	4/86	365,950	979,010
5	5/86	658,710	1,637,720
6	6/86	622,120	2,259,840
7	7/86	402,550	2,662,390
8	8/86	475,740	3,138,130
9	9/86	512,330	3,650,460
10	10/86	219,570	3,870,030
11	11/86	267,190	4,137,220
12	12/86	146,380	4,283,600
13	1/87	227,610	4,511,210
14	2/87	237,700	4,748,910
15	8/87	243,920	4,992,830
16	1/88	5,140	4,997,970
17	3/88	1,630	4,999,600

b. Special Conditions (Cont'd)

(2) Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be February 1987. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

(3) Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 12 months after authorization to advertise for bids has been given (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

(4) Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

(5) Project Replacement

The grantee shall inform the Regional Administrator within two years after the initiation of the operation of the project if the project is failing to meet the project performance standards. If necessary the Regional Administrator may award 100% of the allowable costs for modification or replacement (40 CFR 35.2032(c)).

(6) Project Performance

The grantee agrees to certify to the Regional Administrator on the date one year after the initiation of operation whether or not the project is capable of meeting the project performance standards (40 CFR 35.2218(c)).

b. Special Conditions (Cont'd)

(7) Subagreements and Contracts

- (a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- (b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- (c) The grantee shall submit to the West Virginia Department of Natural Resources the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

(8) Flood Insurance

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

(9) Land Acquisition

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

(10) Review

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

b. Special Conditions (Cont'd)

(11) Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the Regional Administrator for approval the following:

- (a) A draft plan of operation (40 CFR 35.2106);
- (b) A user Charge system (40 CFR 35.2140); and
- (c) Final design drawings and specifications (refer to 40 CFR 35.2040 (b) (5)).

b. SPECIAL CONDITIONS (Continued)

PART IV

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

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

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Grant Union P.S.D.

for 75.5 % of all approved costs incurred up to and not exceeding \$ 4,999,600

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540220-04 Grant Union P.S.D.

included herein by reference.

DATE AND TITLE

ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS

Environmental Protection Agency  
Grants Management Section (3PM32)  
Curtis Building, 6th & Walnut Streets  
Philadelphia, Pennsylvania 19106

ORGANIZATION/ADDRESS

Environmental Protection Agency  
Water Management Division (3WM00)  
Curtis Building, 6th & Walnut Streets  
Philadelphia, Pennsylvania 19106

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

SIGNATURE OF AWARD OFFICIAL



TYPED NAME AND TITLE

Thomas P. Eichler  
Regional Administrator

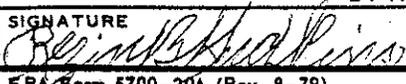
DATE

3/30/84

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

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE



TYPED NAME AND TITLE

Grant Union P.S.D.

DATE

4/12/84



WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS): COUNTY: Harrison  
**Grant-Union Public Service District  
P. O. Box 121  
Mount Clare, WV 26408**

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):  
**Mr. Rezin B. Hudkins, Chairman  
Grant-Union Public Service District  
P. O. Box 121  
Mount Clare, WV 26408**

3. GRANT PAYEE (NAME AND ADDRESS):  
**Grant-Union Public Service District  
P. O. Box 121  
Mount Clare, WV 26408**

4. APPROVED AMOUNT OF GRANT: \$ 818,852.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 1987, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:  
**Construction of 14 miles of 8" through 15" gravity sewers, 9 miles of 4" through 12" force mains, 5 miles of 1-1/4" through 3" pressure sewers, 126 grinder pumps, 5 lift stations, 11 grinder pump lift stations and a 0.37 MGD aerated facultative lagoon treatment plant.**

7. TOTAL COSTS	\$ <u>8,798,472</u>
ELIGIBLE COSTS	\$ <u>7,005,013</u>
FEDERAL (EPA) GRANT AMOUNT	\$ <u>6,132,797</u>
STATE (WDA) HARDSHIP GRANT AMOUNT	\$ <u>818,852</u>

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Grant-Union PSD, SUCH GRANT NOT TO EXCEED \$ 818,852.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS AND SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISIONS: Grant-Union PSD AGREES TO THE FOLLOWING:

DURING THE CONSTRUCTION OF ITS SEWER FACILITY, THE GRANT RECIPIENT WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION ARE IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

FINANCING OF THE SEWER PROJECT, INCLUDING THE ACQUISITION AND DOCUMENTATION OF ALL FUNDING AS WELL AS INITIATION OF CONSTRUCTION OF THE PROJECT, MUST TAKE PLACE WITHIN 120 DAYS OF THE DATE OF ISSUANCE OF THIS GRANT. FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN AUTOMATIC WITHDRAWAL OF THIS GRANT.

GENERAL. THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540220-04 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Grant-Union PSD

OFFERED ON April 23, 1984 AND ACCEPTED ON March 30, 1984

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry  
TITLE: Director  
SIGNATURE: *Edgar N. Henry*  
DATE: August 25, 1986

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 25th DAY OF August, 1986.

NOTARY: *Brebra Butcher Meadows*  
COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Rezin B. Hudkins, Chairman  
TITLE: Grant-Union Public Service District  
SIGNATURE: *Rezin B. Hudkins*  
DATE: Aug 19 - 1986

STATE OF WEST VIRGINIA, COUNTY OF Harrison.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 29 DAY OF AUGUST, 1986.



OFFICIAL SEAL  
NOTARY PUBLIC  
STATE OF WEST VIRGINIA  
LARRY W. ASH  
845 Highland Dam Rd.  
West Milford, W. Va. 26451  
MY COMMISSION EXPIRES JULY 16, 1996

NOTARY: *Larry W. Ash*  
COMMISSION EXPIRES: JULY 16, 1996

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.



GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A and Series 1986 B, all dated November 6, 1986, in the aggregate principal amount of \$2,190,158 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 6th day of November, 1986.

KANAWHA VALLEY BANK, N.A.

By

  
Its ASSIST. CORPORATE TRUST OFFICER

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GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE HARRISON COUNTY BANK, a state banking Corporation, with principal office in the Town of Lost Creek, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Grant-Union Public Service District, adopted November 6, 1986, authorizing issuance of the District's Sewer Revenue Bonds, Series 1986 A and Series 1986 B, both dated November 6, 1986, in the aggregate principal amount of \$2,190,158 (collectively, the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Resolution.

Dated this 6th day of November, 1986.

THE HARRISON COUNTY BANK

By Bradley A. Row  
Its Executive Vice-President

11/10/86  
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GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1986 A and Series 1986 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, ASSIST. CORP TRUST OFFICER of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$2,190,158 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of Grant-Union Public Service District (the "Governmental Agency"), hereby certify that on the 6th day of November, 1986, the single fully registered Series 1986 A Bond of the Governmental Agency in the principal amount of \$1,758,771 designated "Sewer Revenue Bond, Series 1986 A," numbered AR-1, and the single fully registered Series 1986 B Bond of the Governmental Agency in the principal amount of \$431,387 designated "Sewer Revenue Bond, Series 1986 B," numbered BR-1, were registered as to principal and interest (the Series 1986 B Bond being registered as to principal only) on the date hereof in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 6th day of November, 1986.

KANAWHA VALLEY BANK, N.A.

By

Charlotte S. Morgan  
Its ASSIST CORP TRUST OFFICER

11/05/86  
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REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of November, 1986, by and between GRANT-UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$2,190,158 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, in fully registered form (collectively, the "Governmental Agency Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution, both adopted November 5, 1986 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the

Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

7. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

8. 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: Grant-Union Public Service District  
Box 121  
Mt. Clare, West Virginia 26408  
Attention: Chairman

AGENT: Kanawha Valley Bank, N.A.  
One Valley Square  
Post Office Box 1793  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, GRANT-UNION PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, N.A. 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.

GRANT-UNION PUBLIC SERVICE DISTRICT

By *Reynold B. Hudson*  
Its Chairman,

KANAWHA VALLEY BANK, N.A.

By *Charlotte S. Morgan*  
Its Assist. Corporate Trust Officer

11/05/86  
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EXHIBIT A

[Included in transcript as Document No. 1]

# INVOICE



ONE FINANCIAL PLACE  
**Kanawha Valley Bank, N.A.**

GRANT UNION PUBLIC SERVICE DISTRICT

DATE: NOVEMBER 6, 1986

UNITS	ITEM DESCRIPTION	TOTAL
	GRANT UNION PSD SEWER REVENUE BONDS 1986 SERIES Fee as Registrar and Authenticating Agent - one time fee	\$500.00

SEND REMITTANCE TO: KANAWHA VALLEY BANK, N.A.  
CORPORATE TRUST DEPARTMENT  
P.O. BOX 1793  
CHARLESTON, W.VA. 25326-1793



*Nov 20 1986*



WRD 1A-82  
Revised 3-86

**RECEIVED**

NOV 20 1986

STATE OF WEST VIRGINIA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RESOURCES  
CHARLESTON 25305

**WATER DEVELOPMENT AUTHORITY**

**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM**

**WATER POLLUTION CONTROL PERMIT**

Permit No. WV0084301  
Subject: Sewage Facilities

Issue Date: November 20, 1986  
Effective Date: December 20, 1986  
Expiration Date: November 19, 1991

Supersedes: Permit No. WV0025623 - Effective Date - September 23, 1974

Location: West Milford Harrison Monongahela  
(City) (County) (Drainage Basin)

Outlet Latitude: 39° 12' 02" N  
Sites: Longitude: 80° 23' 30" W

**To whom it may concern:**

This is to certify that Grant Union Public Service District  
Box 121  
Mt. Clare, West Virginia 26408

is hereby granted a NPDES Water Pollution Control Permit to install, construct, operate, and maintain a 0.370 MGD sewage treatment facility consisting of two(2) 5.18 MG aerated-facultative lagoon, two(2) 15Hp-196cfm blowers, and one(1) 15,424 gallon chlorine contact chamber with chlorinator and a sewage collection system consisting of 494 linear feet of 6" sewer line, 72,968 linear feet of 8" sewer line, 729 linear feet of 10" sewer line, 2,315 of 15" sewer line, 11,235 linear feet of 1 1/4" force main, 13,561 linear feet of 2" force main, 2,362 linear feet of 3" force main, 5,084 linear feet of 4" force main, 25,539 linear feet of 6" force main, 17,315 linear feet of 8" force main, 929 linear feet of 12" force main, 380 manholes, 47 lampholes, 5 lift stations, 11 grinder pump lift stations, 127 grinder pumps, and all necessary appurtenances.

Facilities are designed to serve a maximum of 5,300 persons in West Milford, Lost Creek, and Good Hope and to discharge treated wastewater to West Fork River (47.0 miles from its mouth) of the Monongahela River.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0084301 dated the 23rd day of May 1986, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

Plans:

Date Received: April 1, 1986  
Prepared By: Cerrone & Vaughn Engineers, Inc.  
Wheeling, West Virginia  
Title: Grant Union PSD; Harrison County, West Virginia;  
Wastewater Facilities EPA Project No. C-540220-04;  
Contract 1A-Lost Creek; Contract 1B-Lost Creek;  
Contract 2-Lost Creek to West Milford; Contract 3-  
Goodhope; Contract 4-West Milford; Contract 5-Lift  
Station and Grinder Pump station; Contract 6-Waste-  
water Treatment Plant.

Specifications and Reports:

Date Received: April 1, 1986  
Prepared By: Cerrone & Vaughn Engineer, Inc.  
Wheeling, West Virginia  
Title: Same as above.

A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning December 20, 1986 and lasting through midnight, November 19, 1991 the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

<u>Effluent Characteristic</u>	<u>Discharge Limitations</u>		<u>Other Units (Specify)</u>		<u>Monitoring Requirements</u>		
	<u>Avg. Monthly</u>	<u>(Quantity) lbs/day</u> <u>Max. Daily</u>	<u>Avg. Monthly</u>	<u>Max. Daily</u>	<u>Measurement Frequency</u>	<u>Sample Type</u>	
Flow			0.370	N/A	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	92.6	185.1	30.0 mg/l	60.0 mg/l		1/Month	8 hr. composite
Total Suspended Solids	92.6	185.1	30.0 mg/l	60.0 mg/l		1/Month	8 hr. composite
Total Kjeldahl Nitrogen (TKN)	55.5	111.1	18.0 mg/l	36.0 mg/l		1/Month	8 hr. composite
Fecal Coliform			200 $\frac{\text{counts}}{100 \text{ ml}}$	400 $\frac{\text{counts}}{100 \text{ ml}}$		1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standards units and shall be monitored Monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD<sub>5</sub> samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Series I, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 20, Article 5A.

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

N/A

## 1. Duty to Comply

- a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
- b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

## 2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

## 3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

## 4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for a permit modification, revocation and reissuance or revocation or a notification of planned changes or anticipated non-compliance, does not stay any permit condition.

## 5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

## 6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Series II, Section 4.6 of the West Virginia Legislative Rules of the State Water Resources Board.

## 7. Transfers

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

## 8. Duty to Provide Information

The permittee shall furnish to the Chief, within a specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

## 9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

## 10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
- b) Have access to any copy at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

## 11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its terms in accordance with the provisions of Chapter 20-5A-8 of the Code of West Virginia.

An application for a modification of this permit must be submitted to this agency at least ninety (90) days prior to the proposed modification.

## 12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.

## 13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Series III, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

## 14. Liabilities

- a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
- b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- d) Nothing in C. 14. a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 20, Article 5A.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by State Health Department Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions

- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3. d) of this permit.

- (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for a bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notices as required under D.3. c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3. d) (1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4. c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

- (1) An upset occurred and that the permittee can identify the specific cause(s) of the upset;
- (2) The permitted facility was at the time being properly operated;
- (3) The permittee submitted notice of the upset as required in F.2. b) of this permit.
- (4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended date of disposal or use, as appropriate.

## 1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

## 2. Reporting

- a) Permittee shall submit each month, ~~QUART~~, ~~YEAR~~ <sup>XXXX, YXX</sup> according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).
- b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief  
Division of Water Resources  
1201 Greenbrier Street  
Charleston, WV 25311  
Attention: Municipal Waste Section

- c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).
- e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g. "3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

## 3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with 40 CFR Part 136, as in effect July 1, 1985 unless other test procedures have been specified elsewhere in this permit.

## 4. Recording of Results

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses.

This information is not to be submitted to this agency, but is to be retained as required in E.6.

## 5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated.

Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

## 6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

## 7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "i-s" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

## 1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to Series III, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Series III, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

## 2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Division's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:

(1) Any unanticipated bypass which exceeds any effluent limitation in the permit;

(2) Any upset which exceeds any effluent limitation in the permit; and

(3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous waste.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Series III, Section 2 of the Board's rules.

## 3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief as soon as possible of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge and of any planned changes in the method of operating the facility which may affect the nature or quantity of the discharge. Notice is required when:

(1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series II of the Board's rules; or

(2) This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:

(1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":

(A) One hundred micrograms per liter (100 ug/l);

(B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2, 4-dinitrophenol and for 2-methyl 4, 6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;

(C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 or 4.4. b.9 of Series II of the Board's rules; and

(D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules;

(2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":

(A) Five hundred micrograms per liter (500 ug/l);

(B) One milligram per liter (1 mg/l) for antimony;

(C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Series II of the Board's rules;

(D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules.

(3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.

(4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

## 4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

#### G. OTHER REQUIREMENTS

- 1) The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
- 2) The entire sewage treatment facility shall be adequately protected by fencing.
- 3) Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class II certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.
- 4) An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
- 5) The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed 45.0 mg/l for BOD<sub>5</sub> and 27.0 mg/l for TKN.
- 6) The arithmetic means of the effluent values of the BOD<sub>5</sub> and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of respective arithmetic means of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.
- 7) This permit does not cover existing discharges until start-up of the new sewage treatment facilities described herein.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0084301, dated the 23rd day of May, 19 86,  
\_\_\_\_\_  
\_\_\_\_\_; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0084301, dated the 23rd day of May, 19 86,  
\_\_\_\_\_  
\_\_\_\_\_, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By:   
Chief

STATE OF WEST VIRGINIA  
 NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM  
 DISCHARGE MONITORING REPORT

FACILITY NAME Grant Union Public Service District MWTR WASTELOAD FOR MONTH OF 19  
 LOCATION OF FACILITY West Milford, Harrison County OUTLET NUMBER 001-Discharge from sewage treatment facilities  
 PERMIT NUMBER WV0084301

Parameter	Quantity			Other Units			Measurement Frequency	Sample Type					
	Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum			Avg. Monthly	Max. Daily	Units	N.E.	
Flow, in Conduit or thru trmt. plant 50050	Reported	***	***	***	**								
	Permit Limitation	***	***	***	**		N/A	0.370	N/A	MGD		Continuous	Measur
BOD, 5-Day (20 Deg. C) 00310	Reported												
	Permit Limitation	N/A	92.6	185.1	lbs/day		N/A	30.0	60.0	mg/l		1/Month	8 hour composite
Solids, Total Suspended 00530	Reported												
	Permit Limitation	N/A	92.6	185.1	lbs/day		N/A	30.0	60.0	mg/l		1/Month	8 hour composite
Nitrogen, Total Kjeldahl (as N) 00625	Reported												
	Permit Limitation	N/A	55.5	111.1	lbs/day		N/A	18.0	36.0	mg/l		1/Month	8 hour composite
pH 00400	Reported	***	***	***	**								
	Permit Limitation	***	***	***	**		6.0	N/A	9.0	Std. Units		1/Month	Grab
Coliform, Fecal General 74055	Reported	MF	----	MPN									
	Permit Limitation	Circle	Method	Used			N/A	200	400	counts/100 ml		1/Month	Grab
Reported													
Permit Limitation													

Name of Principal Exec. Officer \_\_\_\_\_ Date Completed \_\_\_\_\_  
 Title of Officer \_\_\_\_\_  
 Signature of Principal Exec. Officer or Authorized Agent \_\_\_\_\_

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

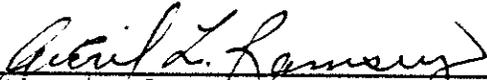


ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Sewer Revenue Bond, Series 1986 A, of Grant-Union Public Service District in the principal amount of \$1,758,771, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: November 20, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
\_\_\_\_\_  
Authorized Representative  
Vice Chairman, Water Development Board