

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

Date of Closing: April 7, 1987

BOND TRANSCRIPT

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GREATER PAW PAW SANITARY DISTRICT

BOND AND NOTES RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY 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 1987 A, NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,000,000 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 GREATER PAW PAW SANITARY DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Greater Paw Paw Sanitary District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Marion County of said State.

B. The Issuer does not presently own or operate a public sewage treatment, collection and transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewerage facilities of the Issuer (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial wastes (the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$7,550,485, 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 \$2,600,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than \$2,000,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than \$600,000 (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 \$6,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined) discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the

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

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

F. It is in the best interests of the Issuer that its Original Bonds (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") both dated February 23, 1987, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

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 1987 B Bonds shall be junior and subordinate to the Series 1987 A Bonds as set forth herein. Interim borrowing in the principal amount of \$351,493.27, plus interest accrued thereon to the date of delivery of the Bonds will be paid in full from proceeds of the Series 1987 A Bonds, simultaneously with delivery 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, if any, 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 appeal of such order has not expired prior to the adoption of this Resolution. However, the Public Service Commission staff has stated in a letter dated March 31, 1987, that it will not appeal such order.

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 enactment 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.

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

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

"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 Bernard G. Sampson Company, Inc., Fairmont, 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.

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

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

"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, 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.

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

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

(iii) Sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in

clauses (i) and (ii) above) of the Bonds, which are held in the Sinking Funds and any other fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service on the Bonds;

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means Greater Paw Paw Sanitary District, in Marion 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 February 23, 1987, 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 ratified by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

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

"Notes" or "GAN" means collectively, the not more than \$6,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$6,000,000 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 1987 A Bonds and the not more than \$600,000 in aggregate principal amount of Series 1987 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, Young Moore & Company, A Division of Tucker, Anthony and R. L. Day, Inc., of Charleston, 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.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"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 sanitary sewer collection system consisting of sewer mains, interceptors, manholes and lift stations 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, in the event Notes are issued, may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(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; and

(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 Standard & Poor's Corporation.

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

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

"Regulations" means temporary temporary and permanent regulations promulgated under the Code.

"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 1987 A Bonds" or "Series A Bonds" means the not more than \$2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 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 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than \$600,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 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 works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Issuer, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"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 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 \$7,660,885, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1987 A 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 \$2,600,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than \$2,000,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than \$600,000, 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 shall be deposited in the (if funded from Bond proceeds) Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

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

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

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

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

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value 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 the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.
In 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 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds. The payment of the debt service of all the Series 1987 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 1987 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 1987 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 1987 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1987 A

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), 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, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage 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, duly adopted by the Issuer on _____, 1987 (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 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$ _____, which Series 1987 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 1987 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 1987 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 year of principal of and interest on the Bonds, the Series 1987 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 1987 B Bonds, provided however, that so long as there exists in the Series 1987 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 year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 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, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY 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 _____, 1987.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1987 B

No. BR-_____

\$_____

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

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. 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, duly adopted by the Issuer on _____, 1987 (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 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 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 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any 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, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 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 1987 A, OF THE ISSUER (THE "SERIES 1987 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, GREATER PAW PAW SANITARY 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 _____, 1987.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

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

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 an aggregate principal amount not to exceed \$6,000,000. 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, if issued, 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 Grant Receipts, Surplus Revenues, letter of credit proceeds and other 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, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for 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 \$1,000,000 in the aggregate. In the event of a draw under

any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter 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; 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 1987 A Bonds Sinking Fund;
 - (a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.
- (2) Series 1987 B Bonds Sinking Fund;
 - (a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

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

(1) The Issuer shall first, each month, 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 1987 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 1987 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 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 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 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 1987 A Bonds, if not fully funded upon issuance of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 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 1987 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, 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 1987 A Bonds Reserve Account. All funds in the Renewal and

Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1987 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.

(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 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(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 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 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 1987 B Bonds Reserve Requirement.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 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 1987 A Bonds Reserve Account and the Series 1987 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, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion on construction of the Project, shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

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

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund 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 1987 A Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 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.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Bonds Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

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, with the consent of the Authority, in the 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 Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the disposition of funds in the

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

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

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

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the 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 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit

in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 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 1987 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 1987 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 1987 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 herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered March 30, 1987 (Case No. 86-026-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. 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. 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 Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07 B, 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 1987 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 1987 A Bonds and the Series 1987 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.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

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

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

(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 adopted 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 Secretary prior to the issuance of such Parity Bonds.

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds of each series, 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 1987 A Bonds and the Series 1987 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 1987 A Bonds or the Series 1987 B Bonds.

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall 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, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

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, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department,

agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(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 \$1,000,000 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.

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

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

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

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

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

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

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

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

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

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

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds

and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1987 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1987 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. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest

on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. 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 or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(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 1987 B Bonds shall be subject to those of the Holders of the Series 1987 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 1987 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 1987 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 1987 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 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 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 1987 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 1987 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 1987 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 1987 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 1987 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 1987 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 1987 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 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 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 1987 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 1987 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 1987 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 1987 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. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds and the Notes.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the

provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Greater Paw Paw Sanitary District and within the boundaries of the District, a Class II legal advertisement stating:

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

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

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

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

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

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

Adopted this 31st day of March, 1987.

Richard D. Jolent

Chairman, Public Service Board

[Signature]

Member, Public Service Board

Robert D. Cunningham

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the
Public Service Board of Greater Paw Paw on this 31st day of March,
1987.

[SEAL]


Secretary, Public Service Board

04/02/87
PAPA2-A

"EXHIBIT A"

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



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 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 1987 A AND SERIES 1987 B OF GREATER PAW PAW SANITARY 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 Greater Paw Paw Sanitary District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective March 31, 1987 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY 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 1987 A, NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,000,000 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 not to exceed \$2,600,000, to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than \$2,000,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than \$600,000 (the "Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1987 A Bonds dated February 23, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated February 23, 1987 (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 GREATER PAW PAW SANITARY 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 1987 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,548,258. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, 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 October 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 1987 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 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$379,753. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, 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 1987 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, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of

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

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

Section 6. The Issuer does hereby appoint City National Bank of Fairmont, Fairmont, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1987 A Bond Proceeds in the amount of \$186,042 shall be deposited in the Series 1987 A Sinking Fund, as capitalized interest.

Section 8. Series 1987 A Bond proceeds in the amount of \$136,141 and Series 1987 B Bond proceeds in the amount of \$9,994 shall be deposited in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account, respectively.

Section 9. 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 April 7, 1987, to the Authority pursuant to the Loan Agreement.

Section 10. 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 11. 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.

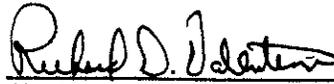
Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and

any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 31st day of March, 1987.

GREATER PAW PAW SANITARY DISTRICT



Chairman

04/02/87
PAPA1-D



RECEIVED

FEB 27 1987

LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

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").

Greater Paw Paw Sanitary District

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

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

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 any State and federal grants or other sources of financing for the Project.

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

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

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

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall 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 but must be satisfactory to the Authority, 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 the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than 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, including those specified by Section 2.8 hereof;

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System 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, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the 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); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; 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. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The 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 cove-

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement 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, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

GREATER PAW PAW SANITARY DISTRICT
[Proper Name of Governmental Agency]

(SEAL)

By Richard D. Solent
Its Chairman

Attest:

Date: 23 February 1987

Robert D. Cunningham
Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Edwin N. Henry
Director

Attest:

Date: 3/20/87

Daniel B. Zabriskie
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

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

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.
3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.
6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

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

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

Very truly yours,

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>1,548,258.00</u>
Purchase Price of Local Bonds	\$ <u>1,548,258.00</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:

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

GREATER PAW PAW SANITARY DISTRICT
 ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
 ----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1	COUPON PRIN.	INTEREST	DEBT SERVICE
1987	8.38	62,709.61	62,709.61
1988	8.38	129,744.02	129,744.02
1989	8.38	6,396	136,140.02
1990	8.38	6,932	136,140.04
1991	8.38	7,513	136,140.14
1992	8.38	8,143	136,140.55
1993	8.38	8,825	127,315.16
1994	8.38	9,565	136,140.63
1995	8.38	10,366	136,140.08
1996	8.38	11,234	136,139.41
1997	8.38	12,176	123,964.00
1998	8.38	13,196	122,943.65
1999	8.38	14,302	121,837.83
2000	8.38	15,501	120,639.32
2001	8.38	16,800	119,340.34
2002	8.38	18,207	117,932.50
2003	8.38	19,734	116,406.75
2004	8.38	21,387	114,753.04
2005	8.38	23,179	112,960.81
2006	8.38	25,122	111,018.41
2007	8.38	27,227	108,913.19
2008	8.38	29,509	106,631.56
2009	8.38	31,982	104,158.71
2010	8.38	34,662	101,478.62
2011	8.38	37,566	98,573.94
2012	8.38	40,714	95,425.91
2013	8.38	44,126	92,014.08
2014	8.38	47,824	88,316.32
2015	8.38	51,832	84,308.67
2016	8.38	56,175	79,965.15
2017	8.38	60,883	75,257.68
2018	8.38	65,985	70,155.68
2019	8.38	71,514	64,626.14
2020	8.38	77,507	58,633.27
2021	8.38	84,002	52,138.18
2022	8.38	91,041	45,098.91
2023	8.38	98,671	37,469.58
2024	8.38	106,940	29,200.95
2025	8.38	115,901	20,239.38
2026	8.38	125,619	10,526.87
		1,548,258	3,817,530.00
			5,365,788.00

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 2

Additional and Supplemental Definitions

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

Additional Conditions and Covenants

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

8. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;

- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.



FEB 27 1987

SUPPLEMENTAL LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

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").

Greater Paw Paw Sanitary District

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 therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a 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 Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be 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 any State and federal grants or other sources of financing for the Project.

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

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

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

mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

(c) The Governmental Agency shall 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 but must be satisfactory to the Authority, 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 the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

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

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the 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 bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in 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, including those specified by Section 2.8 hereof;

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

(viii) That any 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 any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, 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, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

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

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in

compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

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

4.4 The Supplemental Loan shall not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedule X shall be attached to this Supplemental Loan Agreement 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, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

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

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

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

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

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

GREATER PAW PAW SANITARY DISTRICT
[Proper Name of Governmental Agency]

(SEAL)

By X *Richard D. Salenton*
Its Chairman

Attest:

Date: 23 February 1987

Robert D. Cunningham
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By *Edgar H. Henry*
Director

Attest:

Date: 3/20/87

Daniel B. Gentry
Secretary-Treasurer

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

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

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

6. The Supplemental Bonds are, by statute, exempt _____.

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

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

Very truly yours,

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>379,753.00</u>
Purchase Price of Supplemental Bonds	\$ <u>379,753.00</u>

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

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:

GREATER PAW PAW SANITARY DISTRICT
 ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
 ----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1	ZERO COUPON BONDS
1987	.00
1988	.00
1989	9,993.50
1990	9,993.50
1991	9,993.50
1992	9,993.50
1993	9,993.50
1994	9,993.50
1995	9,993.50
1996	9,993.50
1997	9,993.50
1998	9,993.50
1999	9,993.50
2000	9,993.50
2001	9,993.50
2002	9,993.50
2003	9,993.50
2004	9,993.50
2005	9,993.50
2006	9,993.50
2007	9,993.50
2008	9,993.50
2009	9,993.50
2010	9,993.50
2011	9,993.50
2012	9,993.50
2013	9,993.50
2014	9,993.50
2015	9,993.50
2016	9,993.50
2017	9,993.50
2018	9,993.50
2019	9,993.50
2020	9,993.50
2021	9,993.50
2022	9,993.50
2023	9,993.50
2024	9,993.50
2025	9,993.50
2026	9,993.50

 379,753.00

SCHEDULE Y
REVENUES

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

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

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

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

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

SCHEDULE 2

Additional and Supplemental Definitions

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

Additional Conditions and Covenants

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

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

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

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

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

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



J. Steven Hunter,
General Counsel

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

(304) 340-0317

Writer's Direct Call: 340-

March 31, 1987

Mr. Vince Collins
Attorney at Law
Steptoe and Johnson
P.O. Box 2190
Clarksburg, WV 26301

Re: Greater Paw Paw Sanitary District
Case No. 86-026-S-CN

Dear Mr. Collins:

As bond counsel for the proposed sewer project, you have requested certain information regarding the likelihood of appeal to the Hearing Examiner's final order in Case No. 86-026-S-CN.

After review of the final order, it appears that the Staff concerns have been satisfactorily addressed. Therefore, Staff has no intention to file an appeal to the Commission on petition for reconsideration or to the West Virginia Supreme Court of Appeals. The only other party of record to this case is the City of Fairmont, who was made a party to the proceeding at Staff's request for the limited purpose of reviewing the proposed sewer treatment agreement.

If you require any additional information, please call me at 340-0336.

Sincerely,

Robert F. Williams
ROBERT F. WILLIAMS
Staff Attorney

RFW/iw
cc: Frances C. Whiteman
Thomas R. Stevick
Gary Pratt
Roderick C. Devison



CITY OF FAIRMONT

CITY/COUNTY COMPLEX
200 Jackson Street
Fairmont, West Virginia 26554
(304) 366-6211

April 3, 1987

Vincent A. Collins, Esquire
Steptoe and Johnson
P.O. Box 2190
Clarksburg, W.Va. 26301

RE: Sanitary Sewer Board of Fairmont and
Greater Paw Paw Sanitary District

Dear Mr. Collins:

In response to your inquiry to Bruce McDaniel, Utility Manager, City of Fairmont, concerning the position of the City regarding the proposed final Order of the Public Service Commission entered March 30, 1987, concerning the application of Greater Paw Paw Sanitary District for a Certificate of Convenience and Necessity, please be advised that the City does not intend to appeal said Order as it relates to the Sewage Treatment Agreement between the City and the District, subject to the understanding that the City and District renegotiate and modify said Treatment Agreement, if necessary, to satisfy the Commission concerning Paragraph 16 (Resolution of Controversy) of same.

Very truly yours,

Michael E. Solomon

Michael E. Solomon
Chairman, Sanitary Sewer Board
of the City of Fairmont

MES/lek

xc: Bruce McDaniel

Gary Pratt

James O. Watkins, Jr.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 30, 1987

CASE NO. 86-026-S-CN

GREATER PAW PAW SANITARY DISTRICT,
a public utility, Rivesville,
Marion County.

Application for a certificate of
convenience and necessity to
construct and operate a sanitary
sewerage collection system to
serve the Communities of Fairview,
Grant Town, Baxter, Rivesville
and adjacent areas of Marion
County, and for approval of rates
and charges.

FINAL ORDER

PROCEDURE

On January 27, 1986, the Greater Paw Paw Sanitary District (District), a public utility, Rivesville, Marion County, filed an application, duly verified, for a certificate of convenience and necessity to construct and operate a sanitary sewerage collection system to serve the Communities of Fairview, Grant Town, Baxter, Rivesville and adjacent areas in Marion County.

By Orders entered on June 11, 1986, and July 3, 1986, the matters involved herein were set for hearing to be held in the City-County Complex, 200 Jackson Street, Fairmont, West Virginia, on August 5, 1986, at 11:00 a.m., at which time and place the District was ordered to appear and prosecute its application. Leave was granted to anyone interested to file objection to the application at any time on or before the date of hearing. The District was ordered to give notice of the time and place of hearing by publication.

The hearing set for August 5, 1986, was held as scheduled, with Roderick Devison appearing on behalf of the District; James O. Watkins, Jr., appearing on behalf of the City of Fairmont; and Raymond Keener, of the Legal Division, appearing on behalf of Commission Staff. At the hearing held on August 5, 1986, it became apparent that the application filed by the District was incomplete and in need of revision in many respects. As a result, at the hearing the District agreed to file a revised application, which would not require additional publication but which would begin the calculation of a new 270-day statutory period for the processing of the certificate application, in order that the District's proposal for sewerage facilities in its service territory would not face the prospect of a decision denying a certificate because of an inadequate application.

On October 3, 1986, the District submitted its revised application for a certificate of convenience and necessity in this proceeding, including a revised engineering report, a letter of approval from the Department of Natural Resources and an executed contract between the District and the City of Fairmont. The District also indicated that a revised Rule 42 Exhibit would be filed with the Public Service Commission following the receipt of bids on October 8, 1986.

On October 7, 1986, as a result of all of the above, the Hearing Examiner issued a Hearing Examiner's Recommended Decision from the hearing held on August 5, 1986, determining that the revised application filed by the District should constitute the basis for the recalculation of the 270-day statutory period for the processing of the certificate application by the Commission. Thus, the 270-day period for the processing of the application was ordered to be calculated beginning from October 3, 1986,

so that the statutory period for processing the application will expire at 12:01 a.m., July 1, 1987. It should be noted that, as a result of the entry of the Hearing Examiner's Recommended Decision from the hearing on August 5, 1986, since this proceeding has not been set for further hearing, a final order is sufficient to conclude the proceedings involving this certificate application.

On December 22, 1986, Greater Paw Paw Sanitary District filed a second revised application for a certificate of convenience and necessity to operate the sewerage system to serve the Communities of Fairview, Grant Town, Baxter, Rivesville and adjacent areas in Marion County. It is the second refiling which is the basis of this decision.

On February 4, 1987, a joint meeting was conducted between representatives of the District, the West Virginia Department of Natural Resources and Commission Staff, at which time two packets of requested information were presented to Commission Staff and were designated by Staff as Request Exhibit Nos. 1 and 2. On February 11, 1987, the District submitted additional information which had been requested at the meeting held on February 4, 1987.

On March 2, 1987, Staff Attorney Robert F. Williams submitted a Staff Memorandum in this proceeding, to which was attached an Internal Memorandum dated February 26, 1987, from Robert L. Skiles, Jr., Chief Utilities Manager, Public Service District Division, and a Memorandum dated February 16, 1987, with a Correction Memorandum dated February 26, 1987, from Danny L. Ellis, Chief Utilities Manager, Public Service District Division. Additionally, the Staff Memorandum submitted Request Exhibit Nos. 1 and 2 to the Hearing Examiner for inclusion in the case file. Request Exhibit No. 1 sets forth the District's explanation of several concerns voiced by

Commission Staff and explains various aspects of the project, while Request Exhibit No. 2 consists of attachments, supporting letters and other data related to the information in Request Exhibit No. 1.

On March 24, 1987, Staff Attorney Williams submitted a Supplemental Memorandum, with an Internal Memorandum from Danny L. Ellis, Chief Utilities Manager, Public Service District Division, discussing a revision to the interim financing requested by the District in this proceeding. As a result of the receipt of that Supplemental Memorandum, this proceeding is now ripe for decision.

DISCUSSION

The proposed project for which the Greater Paw Paw Sanitary District has filed an application for a certificate of convenience and necessity will serve 1,394 customers, of which 1,298 will be served primarily by gravity flow, with 96 customers served by septic tank effluent pump (S.T.E.P.) units. The system will consist of approximately 220,500 linear feet of sewer main, 473 manholes and 9 lift stations. The total project cost is \$7,978,480, of which \$6,360,709 is construction costs. The project will be funded through an EPA Grant in the amount of \$5,476,974, a Water Development Authority Grant in the amount of \$502,445, a Water Development Authority Loan in the amount of \$1,928,011 and tap fees amounting to \$71,050. Letters of commitment from the Environmental Protection Agency and the Water Development Authority for the various grants and loan have been received by Commission Staff. All sewage will be collected and transmitted to the City of Fairmont for treatment, pursuant to a contract between the City of Fairmont and the District which has been submitted for Commission approval. The contract will be

discussed subsequently. The project also calls for the takeover by the District of the sewage systems for the Towns of Rivesville, Grant Town and Fairview. The project's construction cost represents a per customer cost of \$4,563. The 21.3 miles of main to be constructed as part of the project represents a density of 65 customers per mile of main. Commission Staff considers both figures to be reasonable and acceptable. (Staff Memorandum and Attachment filed March 2, 1987).

Since the application was originally filed on January 27, 1986, it was at that time subject to certain provisions of West Virginia Code §16-13A-25, which became ineffective and were superseded following July 1, 1986. These provisions required posting of petitions in various conspicuous places throughout the area to be served by the proposed project in order that residents of the area could indicate their protest to any borrowing of money or the acquisition or construction of the sewerage project. The petitions were filed with the Commission on April 21, 1986, and April 28, 1986. The petitions were posted in the office of the Clerk of the County Commission of Marion County, in the Town Halls of Fairview, Grant Town and Rivesville and in the United States Post Office in Baxter. No protestants signed the petitions filed in the Court House, the Town of Fairview or the Town of Grant Town. Thirteen individuals signed the petition in opposition to the project in the Town Hall of Rivesville, while nine (9) individuals signed the petition in opposition to the project in the United States Post Office in Baxter. Additionally, there is an Affidavit of Publication in the case file indicating that notice of the availability of the petitions and their locations was published once a week for two (2) successive weeks in a newspaper published and of general circulation in Marion County. A letter filed with the Commission by the

County Clerk of Marion County indicates that there are 3,298 voters in the District; therefore, the signatures of the 22 voters in opposition to the project did not constitute 50% or more of the registered voters in the area to be served by the project, as required by West Virginia Code §16-13A-25, in order to require Commission disapproval of the project. Additionally, other Affidavits of Publication in the case file indicate that notice to the public of the filing of the application, of the rates to be charged, and of the time and place of hearing on the original application was given to the public as required by West Virginia Code §24-2-11.

The need for this project has been amply demonstrated through various filings with the Public Service Commission and through the testimony held in the hearing on the original application. At that hearing only five (5) protestants appeared in opposition to the project and their opposition was not the result of any belief that the entire project was not needed but that they personally had working septic tank systems and did not want to be forced to hook up to the new system and pay the \$200 tap fee. (See, generally, Tr. 8-5-86, pp. 5-6, 8-9, 11 and 13-15). There was also opposition to the location of some of the lines and some of the procedures that the District was utilizing in obtaining rights-of-way. (Tr. 8-5-86, pp. 11 and 13-15). Since the District proposes to serve 1,394 customers, the appearance of five (5) Protestants at hearing and the signatures of only 22 registered voters on petitions in opposition to the project indicates that there is public support for the project in the area to be served.

Further, at the hearing held on August 5, 1986, on the original application, the District presented the testimony of Gerald Ashcraft,

Chief Sanitarian with the Marion County Health Department. According to Mr. Ashcraft's testimony, the Town of Rivesville is currently under a mandate to upgrade its treatment facilities to secondary treatment. (Tr. 8-5-86, p. 18). Additionally, the rural areas in Marion County are not currently served by any public sewer system and, instead, rely upon septic tanks or other systems such as individual pond dike systems. (Tr. 8-5-86, p. 19). The soils in Marion County are predominantly clay with poor permeability and are generally unsuitable for septic tank systems. (Id.). The Towns of Baxter, Grant Town and Fairview discharge sewage into adjacent streams, while the areas in between the Towns are served, in some cases, by septic tank systems which are malfunctioning, with gray water discharge into adjacent water supplies, or they have no means of treatment at all. (Id.). State Health Department design standards require that a septic tank drain field not be installed on a slope over 25% and almost 75% of the land in Marion County is therefore inappropriate for septic tank use. (Tr. 8-5-86, pp. 19-20).

According to Mr. Ashcraft, in the Town of Baxter, the lots are small, the soil conditions are unsatisfactory for septic tank systems and there are significant gray water discharges constituting a health hazard. (Tr. 8-5-86, p. 20). Mr. Ashcraft also indicated that there is the presence of sewerage on the surface of the ground, in streams and elsewhere constituting health hazards. (Id.). According to Mr. Ashcraft, Paw Paw Creek, which runs through the area, in dry periods is predominantly sewage and if the sewage was not present, there would be little water in the creek. (Tr. 8-5-86, pp. 20-21). In his opinion, for 75% to 80% of the area, public sewage is the only reliable solution to the potential health hazards in the area. (Tr. 8-5-86, p. 21). In conclusion, Mr. Ashcraft

indicated that he is aware of no area in Marion County which has a greater need for a public sewer system at this time. (Tr. 8-5-86, p. 22).

The District also presented the testimony of two of its board members who indicated that, in their respective areas, which are areas to be served by the District's proposed project, there is raw sewage standing on the ground and in the roads creating health hazards. (Tr. 8-5-86, pp. 41-42 and 45-46). Further, according to the Internal Memorandum dated February 26, 1987, from Robert L. Skiles, Chief Utilities Manager, PSD Division, the project is necessary to eliminate the primary treatment facilities which serve the Town of Rivesville and to achieve a greater degree of treatment through the use of the Fairmont Waste Water Treatment Plant, thus meeting State and Federal requirements, and to eliminate the direct discharge of waste water into Paw Paw Creek from collection systems at Grant Town and Fairview, which currently do not use treatment facilities. Additionally, according to Mr. Skiles, the system will eliminate the pollution problems associated with the malfunctioning septic tank systems and direct discharges into creek waters in or about the Community of Baxter, which does not have either collection or treatment facilities, and the project will eliminate pollution problems associated with the direct discharge of raw sewerage from individual homes into streams throughout the planning area. Mr. Skiles indicated that, based upon the review of the supporting documentation contained in the facilities plan, the project is necessary. (Staff Internal Memorandum dated February 26, 1987). The Hearing Examiner is in agreement with the findings of Mr. Skiles and believes that, based upon the information presented at the hearing held on the original application in August of 1986, the District has adequately demonstrated that there is a need for the project.

The information contained in the case file also indicates that the project is economically feasible, since the total project costs are now fully funded through grant and loan commitments and through the anticipated collection of tap fees. Staff is of the opinion that the permanent project funding is sufficient to meet total project costs. In the case of interim financing, the District requests authority to have the option of using either an available line of credit from a local bank or grant anticipation notes (GANS). The District has obtained a \$750,000 line of credit from the City National Bank of Fairmont. The Bank will issue funds under the line of credit at 90% of Mellon Bank's prime rate, with a floor rate of 7.25% and a ceiling rate of 12.75%. The maturity date of the line of credit will be March 31, 1988. Staff has two problems with the line of credit. First, the ceiling interest rate of 12.75% is in excess of the 12% ceiling imposed upon all public service district borrowings pursuant to West Virginia Code §§16-13A-13 and 16-13A-24. Second, in order to meet the District's cash flow requirements during the project construction period, the line of credit must be extended through July 31, 1988. Commission Staff therefore recommended that the District acquire a revised confirmation of interim financing at an interest rate not to exceed 12% and a maturity date no earlier than July 31, 1988. (Staff Memorandum filed March 2, 1987).

The District's alternative financing proposal calls for the issuance of GANS in the amount of \$3,955,000 at an interest rate of 8% and a discount of 1.75%. The anticipated cost of issuance of the GANS is \$50,000 and both the District and Commission Staff are assuming an earnings rate on the funds on hand of 10%, as a result of the deposit of available funds in the State Consolidated Investment Fund. (See, Supplemental Memorandum

filed March 24, 1987, and proposed taxable GANS summary, filed March 19, 1987). Staff recommends that the District be granted approval to issue GANS, with the issuance size limited no more than \$4,150,000, 5% higher than the requested amount to cover any market conditions at the time of closing which might require a minor modification in the sizing of the issuance. However, Staff now believes that there is an even greater need for the District to supply Commission Staff with a monthly cash flow status report during construction. (See, Staff Memorandum, March 2, 1987 and Supplemental Memorandum, March 24, 1987).

Commission Staff prepared a cash flow analysis for the first year of operations for the District indicating that the District would have total cash available of \$345,326, with total cash requirements other than debt service of \$175,785, leaving cash available for debt service in the amount of \$169,541. (See, Attachment I to Internal Memorandum dated February 16, 1987 from Danny L. Ellis). The District will have debt service requirements of \$146,180 with cash available for reserves of \$23,361. (Id.). The reserve requirements set forth by Staff in the cash flow analysis include a WDA renewal and replacement reserve of \$8,268 and two reserves connected with the S.T.E.P. units, which will be discussed later in this Order and which total \$11,200. After total reserve requirements, the District would have a surplus of \$3,893 and coverage of 116%. (Id.). According to Mr. Ellis, both of these figures are acceptable, but only marginally so, since there is little room for error for utilities of this size and he pointed out that the WDA Bond Resolution requires coverage of 115%. (Internal Memorandum dated February 16, 1987). Mr. Ellis prepared a Staff recommended tariff which is set forth as Attachment 2 to the

Internal Memorandum dated February 16, 1987 and which was modified by his Supplemental Memorandum dated on February 26, 1987.

Following its review of the project, Commission Staff has set forth certain concerns which need to be addressed in this decision. These concerns deal with the sewage treatment agreement between Greater Paw Paw Sanitary District and the City of Fairmont; certain conditions to be placed upon the interim financing; the S.T.E.P. units, including the propriety of the proposed electrical service arrangement to provide electrical service to the individual pumps, the financial treatment of the electrical connections to the effluent pumps, the funding of pump renewal and replacement and the funding of future S.T.E.P. customers; and operation and maintenance expenses.

The first concern of Commission Staff deals with the sewage treatment agreement between the District and the City of Fairmont. The contract itself and similar contracts between the City of Fairmont and other surrounding satellite customers (municipalities and districts) are included in Request Exhibit No. 2, attached to the Staff Memorandum filed on March 2, 1987. Staff's major concern deals with Clause 16 of the contract between the City and the District. The clause provides that, in the event of controversy arising by reason of an illegal discharge or other illegal act by the District which could place the municipality's facilities or treatment process in jeopardy, to the extent that substantial damages could result to the facility or that the City would not be able to render treatment to the degree required by its permit, the City will first notify the District orally, followed by notice in writing of the nature of the problem and its potential impact on the City's treatment operation and request an immediate response as to the remedial action to be taken. At

that point, the City could obtain a court order requiring the District to immediately discontinue such illegal discharge or act or, if the City deems that time is of the essence to prevent extensive damage to its facilities or the disruption of its treatment process, after first notifying the District personally and in writing of its intentions and the reasons therefore, the City could stop the flow of sewage from the District into the treatment facility.

According to Staff Attorney Williams, this clause will be unacceptable to Staff if it could be interpreted to grant the City of Fairmont broad discretion to terminate sewage treatment service to the District merely because its facilities become overextended by increased flows. As the clause is written, Commission Staff believes that this provision can only be triggered when the District engages in illegal discharges or other illegal acts which threaten the City's facilities and service can only be discontinued when the continued receipt and treatment of the District's illegal discharges constitute a substantial health hazard to the City of Fairmont and its plant. Commission Staff is of the opinion that the agreement should be modified by the Commission to the extent that the City of Fairmont would be required to notify the Commission prior to invoking its authority under Clause 16 of the contract to discontinue treatment of the District's sewage. Staff would prefer that the condition be placed specifically in the contract by a rider or modification. In any event, Staff recommends that the Commission condition its approval of the contract upon that requirement.

The next concerns of Commission Staff involve the S.T.E.P. unit. The first concern is the propriety of the proposed electrical service arrangement for the individual pumps. The District will initially be installing

80 S.T.E.P. unit. Electric service must be provided to the effluent pump and the cost of operating the pump must be borne by the District as part of its operation and maintenance expenses. In its revised application, the District proposes to provide electric service to the pumps of individual customers when it is not feasible to cluster the drop lines and serve the pumps from a common meter for which the District would be billed. Under the District's proposal, a disconnect unit will be installed below the customer's electric service meter on the outside of the house, which unit would contain two breakers, one for the main dwelling service and a separate breaker of 20 amps for the pumping unit. The effluent pump's power usage will be registered on the individual customer's electric meter and the District will reimburse the customer for those expenses. If electric service to the main dwelling is discontinued by the utility company, the breaker for the main dwelling would be removed or locked and the effluent pump could continue to receive electric service, for which service the District would be directly billed. Monongahela Power Company, the serving electric utility in the area, has agreed to this type of power service arrangement.

To date, Commission Staff has recommended that electric service to effluent pumps be accomplished by running lines directly from a meter located on the utility pole to the pump, whether this is accomplished by clustering lines to a single meter or by attaching individual drop lines to single meters. Under either circumstance, the utility itself is billed directly for all of the power requirements of the pumps and no other electric use is registered on the meters. This method avoids many problems regarding the liability to the District as a result of maintaining utility property on private property and avoids other potential areas of

complaint and confusion regarding billing and reimbursement. The Department of Natural Resources, which has primary responsibility for reviewing the engineering plans and specifications for proposed projects has never specifically approved or disapproved of the electric service arrangement for individual S.T.E.P. unit. Commission Staff has decided to not oppose this particular method for providing electric service to the effluent pumps because of the sensitive nature of this project, given the marginally acceptable surplus and coverage percentage and the fact that any change in the project's costs, which could result from implementation of the Staff preferred method of providing electric service to the S.T.E.P. unit effluent pumps, would result in the District having coverage insufficient to meet the WDA Bond requirements and an insufficient cash surplus. Additionally, minimum monthly charges would be imposed upon the District by Monongahela Power Company amounting to \$6,000 to \$7,000, which would not only eliminate the surplus but render the bond coverage totally inadequate. Staff is also of the opinion that it might be beneficial to allow the District to implement this alternative arrangement on a limited basis so that Staff can monitor the effectiveness of the arrangement on a working system. Staff recommends approval of the proposed electric service connection subject to the terms and conditions set forth on pages 4 and 5 of the Internal Memorandum dated February 26, 1987 from Robert Skiles to Staff Attorney Williams. Commission Staff further requests that the Hearing Examiner add language to the order emphasizing that special consideration has been given to this proposal for providing electric service to the effluent pumps in light of the specific circumstances of this case and application and that this type of electric service

connection should not be construed as Commission policy for all future projects.

The next item of concern for Commission Staff regarding the S.T.E.P. units is the proposal for reimbursement of customers for the electric usage of the pumps billed through the customer's meter rather than billed directly to the District. The District obtained calculations from Monongahela Power Company, which are included in Request Exhibit Nos. 1 and 2, indicating that the energy cost associated with the effluent pumps will be approximately 3¢ for each 1,000 gallons of water used. The District proposes to reimburse each S.T.E.P. customer in the amount of 24¢ per month for electric usage, based on the pumping of 8,100 gallons per month. Commission Staff is recommending that the District credit each S.T.E.P. customer in an amount equal to 3¢ per 1,000 gallons used per month, which would allow for a more precise reimbursement between customers with different usage levels. The energy credit is included within the Staff recommended tariff. The Hearing Examiner is in agreement with the Commission Staff recommendation and will adopt this reimbursement method which is incorporated within the Staff proposed tariff and which the Hearing Examiner will implement through this decision. Staff also recommends that the District be required to amend its tariff if an increase in the applicable electric tariff requires an increase in the energy credit.

The next issue regarding the S.T.E.P. unit is the funding of pump renewal and replacement. The District is proposing an annual reserve fund of \$3,200 for the renewal and replacement of effluent pumps, which calculates out to a 100% replacement over a ten year period. (Internal Memorandum dated February 16, 1987 from Danny Ellis). Commission Staff believes this is reasonable and adequate. The \$3,200 Renewal and

Replacement Fund is included in the Staff cash flow analysis which is Attachment I of Mr. Ellis' Internal Memorandum.

The next item of concern for Commission Staff is the treatment of future S.T.E.P. connections. The District has proposed to treat future S.T.E.P. connections as main extensions, pursuant to Rule 5.03 of the Commission's Rules and Regulations for the Government of Sewer Utilities. Staff is of the opinion that this procedure does violence to Rule 5.03 because the District has the responsibility to make connections, at its cost, for customers adjacent to a sewer main, with the customer required only to pay the approved tap fee and the District absorbing the balance of the installation costs. (See, Staff Memorandum filed March 2, 1987 and Internal Memorandum dated February 16, 1987 from Danny L. Ellis and Internal Memorandum dated February 26, 1987 from Robert Skiles). Staff acknowledges that the District could incur a significant financial burden if many future S.T.E.P. connections are required because the S.T.E.P. connection is expensive, with the District estimating an average S.T.E.P. connection at a cost of \$6,000 but Staff being of the opinion that a reasonable estimate is \$4,000. (Id.). Staff recommends a special reserve for future connections, requiring annual funding of \$8,000, which would cover the District's cost of connecting 2 S.T.E.P. customers per year based upon the Staff analysis or 1 1/2 customers per year based upon the District's analysis.

The Hearing Examiner will adopt the Staff recommendation on this issue, requiring the annual funding of an \$8,000 reserve for future S.T.E.P. customer connections. However, the Hearing Examiner will point out to Commission Staff that, in at least one instance, a procedure similar to that requested by the District was approved in another

proceeding, South Putnam Public Service District, Case No. 85-422-S-P, Final Order, November 29, 1985. The Hearing Examiner recognizes that the procedure approved in that proceeding was based upon the extraordinary circumstances of that case, with representations having been made that possibly 40 such customers could be expected to be added in the first year of operation. However, with that caveat in mind, the Hearing Examiner must take issue with some of the Staff analysis that the procedure recommended by the District is in violation of State law or Rule 5.03 of the Commission's Rules and Regulations for the Government of Sewer Utilities, since it was pointed out in that Order that a S.T.E.P. connection is more like a sewer main, pursuant to a main extension, than a customer connection, since the S.T.E.P. unit is an integral part of the sewer system and is not simply a customer tap or connection.

Commission Staff also set forth certain additional conditions which it wished to be imposed upon the S.T.E.P. unit operation, to insure adequate pump operation and maintenance by the District, which are set forth at page 6 of the Memorandum dated February 26, 1987, from Robert L. Skiles. The Memorandum points out that those recommendations were discussed with the District and the District raised no objections to them, and, further, the District's response filed on February 12, 1987, containing additional information requested at the joint meeting held on February 4, 1987, indicated that those recommended maintenance activities would be included in the District's operation and maintenance manual.

The Staff's final concern deals with operation and maintenance expenses. Commission Staff is concerned that the District proposes to utilize only three employees besides the board members, including one full-time plant operator, one full-time laborer and one part-time

secretary. (See, Staff Memoranda). Staff questions whether or not this amount of staffing is sufficient for an operation the size of Greater Paw Paw Sanitary District. Staff is concerned that system maintenance needs may not be met with only two full-time employees and, further, with only one part-time secretary and no general manager, customer relations and daily business needs may not be met. Since the Board Members have indicated that this amount of staffing will be adequate for their needs, Staff is willing to defer to the Board's judgment at the present time, particularly considering the fact that the system should be relatively trouble free, at least during its first year of operation. However, Staff has requested that certain conditions be imposed upon the District's operation and maintenance activities, which conditions are set forth on page nine of the Memorandum from Chief Utilities Manager Skiles. The Hearing Examiner is of the opinion of the request that Staff conditions are reasonable and will adopt them herein.

In conclusion, Commission Staff recommends that Greater Paw Paw Sanitary District be granted a certificate of convenience and necessity subject to various conditions set forth at pages 9 through 11 of Staff Attorney Williams' Memorandum filed on March 2, 1987, pages 4-5, 6, 7, 8 and 9, of Chief Utilities Manager Skiles' Memorandum dated February 26, 1987, and pages 5-6 of Chief Utilities Manager Ellis' Memorandum dated February 16, 1987. It should be noted that, by letter dated March 10, 1987, and filed with the Commission on March 11, 1987, the Board of Directors of Greater Paw Paw Sanitary District indicated that all conditions set forth in the Staff Memorandum filed March 2, 1987, along with the Internal Memoranda, attached thereto, are acceptable to the District.

The Staff Memorandum filed March 2, 1987, along with the accompanying Internal Memoranda, are attached hereto as Appendix A.

FINDINGS OF FACT

1. Currently, in the area to be served by the proposed project, sewage is discharged into adjacent streams by the Towns of Baxter, Grant Town and Fairview and areas in between the Towns are served, in some cases, by septic tank systems which are malfunctioning, with gray water discharge into adjacent water supplies, or they have no means of treatment at all. (Tr. 8-5-86, p. 19).

2. The Town of Rivesville, within the proposed sewage treatment system, is currently under a mandate to upgrade its treatment facilities to secondary treatment. (Tr. 8-5-86, p. 18).

3. In other areas to be served by the proposed system, there is the presence of sewage on the surface of the ground, in streams and elsewhere and there is no area in Marion County which has a greater need for a public sewer system at this time. (Tr. 8-5-86, pp. 20-22).

4. The project will eliminate direct discharge of waste water into Paw Paw Creek from collection systems at Grant Town and Fairview, will eliminate the primary treatment facilities serving the Town of Rivesville, will achieve a greater degree of treatment through the use of the Fairmont Waste Water Treatment Plant and will also eliminate pollution problems associated with malfunctioning septic tank systems and direct discharges into creek waters. (Staff Internal Memorandum dated February 26, 1987).

5. The proposed project has obtained full commitments for permanent project financing and has two alternative proposals for interim financing, both of which have been reviewed and approved by Commission Staff. (See,

Staff Memorandum filed March 2, 1987, and Supplemental Memorandum filed March 24, 1987).

6. The cash flow analysis for the first year of operations for the District indicates that the District will have sufficient cash available to pay debt service requirements, reserve requirements required by Commission Staff and maintain a surplus of \$3,893. (Attachment I to Internal Memorandum dated February 16, 1987, attached to Memorandum filed March 2, 1987).

7. Commission Staff has fully reviewed the Sewage Treatment Agreement between the District and the City of Fairmont and the operation, maintenance and replacement of the S.T.E.P. units to be utilized in this project and has set forth certain conditions for approval, to which the District has agreed. (Staff Memorandum filed March 2, 1987 and Letter filed by the District on March 11, 1987).

CONCLUSION OF LAW

The proposed sewer project for which a certificate of convenience and necessity has been requested by the Greater Paw Paw Sanitary District is required by the public convenience and necessity, is economically feasible, is fully and adequately funded and, with the acceptance by the District of all conditions requested by Commission Staff to be imposed upon various aspects of this project as set forth previously in this Decision, will constitute a viable public sewer project. Therefore, it is reasonable to grant a certificate of convenience and necessity to Greater Paw Paw Sanitary District for the project set forth in the application filed on October 3, 1986, and refiled on December 22, 1986, as amended by the various Staff conditions set forth at pages 9 through 11 of Staff

Attorney Williams' Memorandum filed on March 2, 1987, pages 4-5, 6, 7, 8 and 9 of Chief Utilities Manager Skiles' Memorandum dated February 26, 1987, and pages 5-6 of Chief Utilities Manager Ellis' Memorandum dated February 16, 1987, all of which are attached hereto in Appendix A, and all of which were agreed to by the Board of Directors of Greater Paw Paw Sanitary District by Letter filed with the Commission on March 11, 1987.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity, filed on October 3, 1986, and refiled on December 22, 1986, be, and it hereby is, granted to Greater Paw Paw Sanitary District, subject to the terms and conditions set forth previously in this decision and in Appendix A, attached hereto.

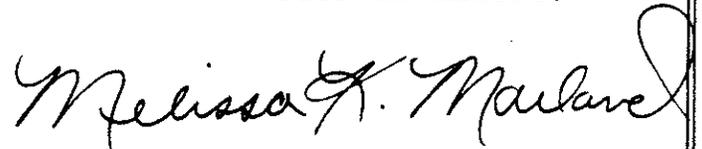
IT IS FURTHER ORDERED that the permanent and interim financing requested by the District and reviewed by Commission Staff be, and hereby is, approved, with the amendments that the line of credit from the City National Bank of Fairmont will be renegotiated to provide for a ceiling interest rate not to exceed 12% and a maturity date no earlier than July 31, 1988, and that the proposed issuance of Grant Anticipation Notes will be limited to an issuance size of no greater than \$4,150,000, at an interest rate of 8%.

IT IS FURTHER ORDERED that, in addition to all of the conditions set forth previously in this Decision and in Appendix A, attached hereto, the District shall file a monthly cash flow statement during construction with the Public Service Commission, to enable Commission Staff to adequately review the interim financing and cash flow needs of the District.

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

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

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



Melissa K. Marland
Hearing Examiner

MKM:jas

MEMORANDUM

1987 MAR -2 10 6:00

TO: HOWARD M. CUNNINGHAM
Executive Secretary

DATE: February 27, 1987
PUBLIC SERVICE COMMISSION
OF W. VA

FROM: ROBERT F. WILLIAMS
Staff Attorney

MAR 3 - 1987

SUBJECT: CASE NO. 86-026-S-CN
GREATER PAW PAW SANITARY DISTRICT

Div. of Hearing Examiners
RECEIVED

On January 27, 1986, Greater Paw Paw Sanitary District filed an application for a certificate of convenience and necessity to construct and operate a sanitary sewage system to serve the communities of Fairview, Grant Town, Baxter, Rivesville, and adjacent areas in Marion County. The sewage collection system would consist of approximately 220,500 linear feet of sewer mains, 473 manholes and 9 lift stations.

On October 7, 1986, the Commission Hearing Examiner entered a recommended decision which determined that Greater Paw Paw's application was incomplete regarding permanent funding, cost estimates, contractual agreements between the District and other utilities or entities, and approvals from other regulatory agencies. On October 3, 1986, Greater Paw Paw Sanitary District submitted a revised application which provided much of the necessary information. Therefore, on October 7, 1986, the Commission Hearing Examiner entered an order which determined that the 270-day review period under West Virginia Code §24-2-11 would be calculated from the date of the filing of the amended application. As refiled, the Commission's 270-day review period in this case would expire on June 30, 1987.

On December 22, 1986, Greater Paw Paw Sanitary District filed a second revised application which included modified project costs based upon actual bid data and modified funding proposals to meet those costs. Accordingly, the District filed a modified Rule 42 exhibit, commitment letters and inter-utility agreements.

On January 16, 1987, Greater Paw Paw Sanitary District filed a letter which indicated that construction costs would be increased because of a nonresponsive bidder, and additional funding would be required to meet those costs.

On February 4, 1987, a joint meeting was conducted between representatives of Greater Paw Paw Sanitary District the West Virginia Department of Natural Resources, and Commission Staff.

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February 27, 1987

The primary purpose of that meeting was to gather additional information to address a number of remaining concerns of Staff. Since Greater Paw Paw had been informed of some of these remaining concerns by telephone, much of the needed information was submitted to Commission Staff during that meeting. This information shall be submitted into the case file as two information packages entitled Request Exhibit No. 1 and Request Exhibit No. 2. At the conclusion of the meeting, additional information was requested from Greater Paw Paw Sanitary District, and this information was received by the Commission on February 11, 1987.

Under its current filing, Greater Paw Paw Sanitary District has received bids on all construction costs through three separate contracts. Currently, the low bidder on all three contracts is Alex C. Paris Contracting Company, Inc. Alex C. Paris had previously extended its bids for 90 days and has agreed to an additional 60-day extension of bids while this case is being processed. Under the current extension, Alex C. Paris' bids are valid until April 7, 1987. Therefore, the Staff respectfully requests that a final order on this application be issued by the Commission on or before Friday, March 6, 1987, so that the Supreme Court's 30-day review period shall expire prior to the end of the bid extension.

As currently filed, the total project costs of \$7,978,480 will be financed as follows:

EPA Grant	\$5,476,974
WDA Grant	502,445
WDA Loan	1,928,011
Tap Fees	71,050

Total Project Funding	\$7,978,480
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All sewage will be treated by the City of Fairmont's sewage treatment plant. Greater Paw Paw's 1,394 customers would primarily be served by gravity flow, while 96 customers will be served by 80 STEP units. A STEP unit is a force main collection method which combines a septic tank and an effluent pump to pump the liquid discharge of a septic tank into the sewage collection mains.

After review of the filing, Staff recommends that the application be approved without formal hearing, subject to a

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number of conditions set forth in this memorandum to address remaining Staff concerns.

The Commission Staff is of the opinion that the matter can be resolved without further hearing since the public had sufficient notice of the original application and the public concerns aired at the August 5, 1986 public hearings remain a part of this record. Although the specific terms of the project funding had been modified since the original 24-2-11 notice, including an increase in the WDA loan and associated bond issue, the requested rates do not exceed the rates set forth in the original notice. The increase in the bond issue did not have a significant rate impact since it primarily reflected the borrowing of funds to pay an outstanding debt of the City of Rivesville which will be accepted by Greater Paw Paw Sanitary District upon receipt of that system. This debt has been incorporated in the bond issue instead of being maintained as a separate debt item.

Project Necessity and Adequacy Plans and Specifications

As noted by the memorandum of Robert L. Skiles, Jr., Chief Utilities Manager, PSD Division, the Facility Plan of Greater Paw Paw Sanitary District and supporting information revealed that the project would eliminate the direct discharge of wastewater into the Paw Paw Creek from collection systems at Grant Town and Fairview, eliminate pollution problems associated with malfunctioning septic tanks in the community of Baxter, eliminate pollution problems associated with direct discharge of raw sewage from individual homes into streams throughout the planning area, replace primary treatment facilities at the town of Rivesville and provide a greater degree of sewage treatment by the use of the Fairmont Wastewater Treatment Plan to meet State and Federal Requirements. After review of the plans and specifications, Staff was satisfied that the project was feasible and adequately responded to the needs of the area. Staff has been assured that the Fairmont plant has adequate capacity to accept and treat Greater Paw Paw's sewage.

Sewage Treatment Agreement
with the City of Fairmont

The proposed sewage treatment contract between the City of Fairmont and Greater Paw Paw Sanitary District has been submitted for Commission approval. Copies of this contract and similar contracts between the City of Fairmont and surrounding municipalities and districts are included in Request Exhibit No. 2. Staff's major point of concern with the contract addresses Clause 16 of the contract between the City of Fairmont and Greater Paw Paw Sanitary District. In part, that clause provides:

- 1) In the event of controversy arising by reason of an illegal discharge, or other illegal act by the District, which may place the Board's facility's treatment process in jeopardy to the extent that substantial damages will result to the Board's facilities, or that the Board will not be able to render treatment to the degree required by its discharge permit, the Board shall first notify the District orally followed immediately by notice in writing hand delivered to the District of the nature of the problem and its potential impact on the Board's operation and requesting an immediate response as to what remedial actions will be taken. Thereafter the Board may:
 - a) If time permits, obtain a court order requiring the District to immediately discontinue such illegal discharge or other act, or
 - b) If the Board deems that time is of the essence in preventing extensive damage to its facilities or the disruption of its treatment process, the Board may then, after first notifying the District by person and in writing, of its intentions and the reason therefor, stop the flow sewage from the District into the Board system...

This clause would be unacceptable to Staff if it could be interpreted to grant the City of Fairmont broad discretion to terminate sewage treatment service on behalf of Greater Paw Paw merely because its facilities become overextended by increased flows. As written, the Staff believes that this provision can only be triggered when Greater Paw Paw Sanitary District engages in illegal discharges or other illegal acts which threaten Fairmont's treatment facilities, and service can only be

discontinued when the continued receipt of Greater Paw Paw's illegal discharge constitutes a substantial health hazard to the City of Fairmont and its plant.

Since the discontinuance of sewage treatment services to Greater Paw Paw Sanitary District would result in a number of health hazards and sanitation concerns throughout Greater Paw Paw Sanitary District, the Staff is of the opinion that the City of Fairmont should notify the Public Service Commission prior to invoking authority under Clause 16 of the contract to discontinue treatment of Greater Paw Paw Sanitary District's sewage. The Staff would prefer that this condition be placed specifically in the contract by rider or modification. Since the City of Fairmont was previously joined as a party in this case by order entered on July 17, 1986, the Staff recommends that the Commission condition its approval of the contract upon that requirement.

Permanent and Interim Financing

Commitment letters have been received for all permanent financing, and Staff agrees that all permanent project funding is sufficient to meet the total project costs.

The District has also obtained a \$750,000 line of credit from the City National Bank of Fairmont to meet project cash flow needs during construction while EPA reimbursement is processed. As noted by a letter dated February 3, 1987, in Request Exhibit No. 2, City National Bank will advance funds under the line of credit at 90% of Mellon Bank's prime rate with the floor rate of 7.25% and the ceiling rate of 12.75% per annum. Under the terms of that letter, the maturity of the line of credit will be March 31, 1988, and any outstanding balance would need to be paid by EPA funding and/or bond proceeds on or before that date.

As noted in the memorandum of Danny L. Ellis, Chief Utilities Manager, PSD Division, the line of credit must be extended through July 31, 1988, in order to meet the District's cash flow requirements during the project construction. Further, the ceiling rate of 12.75% per annum should be reduced to 12% to be in accordance with the requirements of West Virginia Code §§16-13A-13 and 16-13A-24. Under §16-13A-13, interest on bonds issued by a public service district cannot exceed 12%. Code §16-13A-24 makes this interest limitation applicable to all loans, grants, and temporary advances obtained by the District.

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STEP Units

The Staff had a number of concerns regarding the District's proposed use of STEP units to pump the effluent. The primary issues are:

1. The propriety of the proposed electrical service arrangement to provide electrical service to individual pumps.
2. The financial treatment of the electrical connections to the effluent pumps.
3. The funding of pump renewal and replacement.
4. Funding of future STEP customers.

As proposed, Greater Paw Paw will be installing 80 STEP units initially. Electrical service must be provided to the effluent pump, and the costs of operating this pump must be ultimately born by Greater Paw Paw Sanitary District as a part of the Sanitary District's operation and maintenance expenses. Originally, Greater Paw Paw Sanitary District proposed to connect the pump to each customer's inside wiring. As described during the August 5, 1986 hearing, that arrangement was totally unacceptable to Staff since a dwelling's electrical service could not be discontinued without shutting down the household sewer service, and there were a number of concerns regarding Greater Paw Paw Sanitary District's liability exposure if it tampers with a customer's inside wiring.

In its revised application, the district proposed to provide electrical service to the pumps of individual customers when it was not feasible to cluster the drop lines and serve the pumps from a common meter. Under this arrangement, a disconnect unit would be installed below the customer electrical service meter on the outside of the house. This disconnect unit would contain two breakers, one for the main dwelling service and a separate breaker of 20 amps for the pumping unit. The pump's power usage would be registered on the individual customer's electrical service meter, and Greater Paw Paw would reimburse the customer for those power expenses. If the main dwelling's electrical service is discontinued by the power company, the breaker for the main dwelling would be removed or locked, and the pump would continue to receive electrical service. If electrical service is discontinued to the customer, the District would be directly

billed for electric service registered by the meter. This type of power service arrangement has been agreed to by Monongahela Power Company, which services that area.

Staff has a number of concerns regarding this type of service arrangement. Since the District will need to splice the line below the meter in order to connect an electrical line for the pump into the line leading to the meter, the District may have an increased liability exposure. Further, even though this type of pump will only increase the customer's bill nominally each month, most assuredly some customers will blame the pump for increased power bills and the District needs a method of verifying a pump's power use. Further, if a customer's power is disconnected and the customer tampers with the box to restore service to the house, the District may become responsible to Monongahela Power Company for the customer's power use while the District is being directly billed according to the meter reading.

To date, Staff has recommended that electrical service to effluent pumps should be accomplished by running lines directly from a meter on the utility pole to the pump, whether this is accomplished by clustering lines to a single meter or by attaching an individual drop line to a single meter. Under those circumstances, the utility is billed directly for all power requirements of the pumps and no other electrical use is registered on those meters. While this option may prove to be more costly since longer drop lines may have to be installed and the utility's power cost would increase because minimum charges are applicable to each meter, this method avoids many of the liability concerns and potential areas of complaint and confusion regarding billing and reimbursement.

To date, the West Virginia Department of Natural Resources, which has primary responsibility for reviewing the engineering plans and specifications of the proposed project, has neither approved nor disapproved of the proposed electrical service arrangement for individual STEP units. Under the circumstances of this case, Staff agrees to permit the limited use of this special electrical service arrangement for STEP units as long as it is subsequently approved the Department of Natural Resources.

While Commission Staff continues to support the general principle that power for effluent pumps should be provided by individual drop lines or clustering of lines to meters situated on utility poles so the utility is directly responsible for the power usage, we shall not oppose the limited use of the alternate arrangement in this case. Many of Greater Paw Paw's STEP units are used to provide sewer service in rural areas of the district and the homes are spaced too far apart for clustering. If the

project were redesigned to provide for individual drop lines and meters for each pump unit, the project could not be ready in time to accept the construction bids within the extension period, thereby jeopardizing the entire project even though only 96 out of 1,394 customers will be served by STEP units. Further, additional operation and maintenance expenses for the project would be required since Monongahela Power Company would assess minimum monthly charges for each meter. This amount could be in the neighborhood of \$6,000 to \$7,000, which would eliminate the surplus of \$3,893 and the bond coverage of 116% illustrated on Attachment 1 of Mr. Ellis' memo. Staff is also of the opinion that it may be beneficial to allow Greater Paw Paw Sanitary District to implement this alternate electric service arrangement on a limited basis so the Staff will be able to monitor the effectiveness of this arrangement on a working system.

If Greater Paw Paw Sanitary District proceeds to implement this alternate electrical service arrangement, Staff is of the opinion that the sanitary district should be required to obtain a portable meter so that it can verify the power consumed by the pumps upon complaint, and the District should review the monthly electrical bills for each meter which is directly billed to Greater Paw Paw so that it can be alerted if any power consumption on any meter exceeds Monongahela Power Company's minimum bill. (Any charge on a meter above the minimum bill would indicate power consumption above that which would be used by the effluent pump.)

Calculations verify that the energy costs associated with the effluent pumps are approximately 3c for each 1,000 gallons of water used. (See Request Exhibit No. 1) This energy use should be reimbursed to customers with the alternate electric service arrangement, and the credit should be reflected on bills rendered each month to allow for a more precise reimbursement between customers with different usage levels. Greater Paw Paw Public Service District should be required to amend its tariff if an increase in the applicable electrical tariff causes an increase in this energy credit. Staff also notes that there is a tariff provision for unmetered usage. Should a STEP unit customer be connected without metered water usage, the corresponding of electrical cost reimbursement should be approximately 14c (4,500 gallons x 3c per 1,000 gallons).

It is important that the district provide funds for replacement and future installation of STEP units and effluent pumps. Staff is of the opinion that the District's proposed annual reserve funding of \$3,200 for renewal and replacement of effluent pumps is sufficient since it calculates to a 100% replacement over a 10-year period. The District proposed to

treat future STEP connections as main extensions. Since the District has a responsibility to make connections at its cost for a customer adjacent to a sewer main, that customer should pay the approved tap fee while the District absorbs the balance of the installation cost. Since a tap utilizing a STEP connection is expensive, Staff recommends that an additional reserve fund be set aside to cover future STEP connections. The District estimated an average STEP connection to cost \$6,000. Staff is of the opinion that this amount may be high since other cases have indicated that a combination of an effluent and a septic tank can be installed for approximately \$4,000. (See South Putnam Public Service District, Case No. 85-422-S-P) Therefore, Staff recommends a required annual funding of \$8,000 for a special reserve for future connections, which would cover the District's cost of connecting 2 STEP customers per year based upon Staff's analysis or $1\frac{1}{2}$ customers per year based upon the District's estimate.

Operation and Maintenance

Staff agrees with the District's projection of operation and maintenance expenses in its most recent Rule 42 exhibit. However, the Staff is concerned with the fact that the District proposes to operate the system with only two full-time operation and maintenance personnel and one part-time secretary. The Staff questions whether this staffing is sufficient to adequately respond to customer needs of a system of this size. Since the Board members of the PSD optimistically project that this will satisfy their service needs, we shall defer to their judgment at the present time, although Staff shall continue to monitor the service complaints regarding this system to determine whether additional personnel should be added at a later date.

Summary

Based upon the concerns raised in this memo and the attached memoranda of Robert L. Skiles and Danny L. Ellis, Staff recommends that Greater Paw Paw Sanitary District be granted a certificate of convenience and necessity subject to the following conditions:

1. The District acquire a revised confirmation of interim financing in the amount of \$750,000 at an interest rate not to exceed 12% and a maturity date no earlier than July 31, 1988.

2. The District shall establish a special and separate interest bearing account to be known as the (Step Reserve for Renewal and Replacement). The applicant will make monthly deposits into this account to be equal to an annual total deposit of \$3,200 to be used entirely and solely for the purpose of renewing or replacing pumps at individual customer STEP units. All interest earnings from this account will be redeposited in the account.
3. The District should establish a special and separate interest bearing account to be known as the (Step Reserve for Future Connections). The applicant will make monthly deposits into this account in an amount equal to an annual deposit of \$8,000, to be used entire and solely for the purpose of funding the installation of future STEP units. All interest earnings from this account will be redeposited in this account. ✓
4. The installation of more than 80 STEP units during construction should be subject to Commission approval.
5. The installation of more than 2 STEP units annually, after project construction, should be subject to Commission approval.
6. The District should file a monthly financial report with the Commission throughout the project construction period which shows the status of the project cash flow.
7. After construction and operation, the District should file a financial report with the Commission which shows the actual cash flow of the District's system and resulting calculation of payments to Fairmont for sewage treatment, based on the first six months of operation. This report should be filed no later than the eighth month of operation, and the report should include a re-evaluation of the adequacy of the District's rates.
8. That the District adopt and implement the various operation and maintenance standards and practices described on pages 4-6 and 8-9 of the February 26, 1987 memorandum of Robert Skiles.

The Commission Staff also recommends that Greater Paw Paw PSD be authorized to enter into the proposed sewer treatment agreement with the City of Fairmont, without approval or

INTERNAL MEMORANDUM

DATE: February 26, 1987
TO: Robert Williams, Staff Attorney
Legal Division
FROM: Robert L. Skiles, Jr., P.E. *RLS*
Chief Utilities Manager
RE: CASE NO. 86-026-S-CN
GREATER PAW PAW PUBLIC SERVICE DISTRICT

PUBLIC SERVICE COMMISSION
OF W. VA.

FEB 28 1987

Final review of this filing is complete. Approval without formal hearing is recommended, subject to the conditions contained within the body of this memorandum.

COST/DENSITY CONSIDERATIONS

The project construction cost is \$6,360,709 for 1,394 customers, which represents a per customer cost of \$4,563. This is regarded as a reasonable and acceptable figure.

Approximately 21.3 miles of main are to be constructed as part of this project. This represents a density of 65 customers per mile of main, based upon a total of 1,394 customers. This is also regarded as a reasonable and acceptable figure.

PLANS/SPECIFICATIONS

The project plans and specifications have been reviewed. No apparent conflicts with Commission Rules and Regulations are evident. There were some initial concerns over the long lengths of force mains being provided, but these concerns have been resolved.

PROJECT NECESSITY

According to information contained in the Facilities Plan for Greater Paw Paw Sanitary District, the project is necessary for the following reasons:

- 1) To eliminate primary treatment facilities which serve the Town of Rivesville and achieve a greater degree of treatment via use of the Fairmont Wastewater Treatment Plant, thus meeting State and Federal requirements.
- 2) Eliminate direct discharge of wastewater into Paw Paw Creek from collection systems at Grant Town and Fairview. These communities currently do not have treatment facilities.

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- 3) Eliminate pollution problems associated with malfunctioning septic tank systems and direct discharges into creek waters in and about the community of Baxter, which currently does not have either collection or treatment facilities.
- 4) To eliminate pollution problems associated with direct discharges of raw sewage from individual homes into streams throughout the planning area.

From review of various and extensive supporting documentation contained in the Facility Plan, Staff believes the project to be necessary.

S.T.E.P. UNIT ELECTRICAL SERVICE

The District now proposes to provide a special electrical service arrangement for septic tank effluent pumping units. This arrangement consists of a disconnect unit installed below the customer electrical service meter. Within this disconnect unit will be two breakers, one for the main dwelling service and one of 20 amp size for the pumping unit.

General comments concerning this electrical service arrangement are:

- 1) This type of electrical service has been agreed to by the power company (Monongahela Power Company), as evidenced by correspondence on file with Staff.
- 2) Complex electrical household rewiring and/or modifications to the customer's main internal electrical service panel are avoided, as well as associated liability considerations and increased costs.
- 3) Electrical service to the main dwelling can be terminated for non-payment of electric bills without discontinuance of sewer service.
- 4) The District should be responsible for installation and maintenance of all electrical service apparatus, up to and including the disconnect box.
- 5) All electrical work apparatus and wiring should conform to the requirements of the latest editions of the National Electrical Code and National Electrical Safety Code.

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- 6) Underground wiring from the disconnect box to the pump unit should be encased in appropriate electrical service conduit to avoid damage and subsequent liability therefor.
- 7) The disconnect box should be provided with a locking mechanism to avoid tampering with breaker actuation.
- 8) The District should obtain an easement from the customer for installation and maintenance of all electrical service apparatus and wiring, as well as the pump units.

STAFF DISCUSSION

The Commission's Engineering Staff still favors the provision of separate electrical service drops and clustering of individual pump service breaker units with a single service drop whenever possible, as presented to the Commission in previous certificate case proceedings for other utilities.

Any time a public utility installs and maintains equipment upon private property it exposes itself to risk and potential liability. The more equipment installed and maintained upon private property, the greater the exposure to risk and potential liability becomes. Staff's efforts have been in the past, and will continue to be in future proceedings, to minimize these risk and liability concerns. We believe clustering supports this criteria.

Staff now finds itself faced with somewhat of a dilemma concerning the proposed electrical service for this project. While we continue to advocate minimization of risk and liability, the results of our advocacy could jeopardize the entire project in this case. The issue at hand becomes one wherein Staff must weigh real but intangible risk and liability concerns, which would cause Staff to reject the proposed electrical service connection, against the project as a whole. Herein Staff must closely examine the practical aspects of such an electrical service connection.

With respect to practicality, Staff does favor this type of pump unit electrical service connection over that wherein a separate circuit emanates from the customer's main service panel inside the dwelling. This alternate proposal does, as previously indicated in General Comments two and three, eliminate many of Staff's earlier concerns. It has been agreed to by the Monongahela Power Company, subject to certain terms and conditions. Staff does believe, therefore, that it can be a practical way of providing electrical service to the S.T.E.P. pump units if it is properly installed and maintained.

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In further review of this electrical service connection, Staff did consult with the Department of Natural Resources. That agency, which claims primary jurisdiction over design review of federally funded sewer projects in West Virginia, took a neutral position in this matter. While noting that the District did attempt to cluster services by providing duplex units, and openly discussing the technical and liability issues, the Department of Natural Resources' review engineer would neither accept or reject the proposed electrical service connection. The position taken was that this is not a design matter and whatever the Public Service Commission decided would be acceptable.

Staff finds it curious that a responsible State Agency such as the Department of Natural Resources, which oversees review of numerous sewer projects in West Virginia that involve millions of dollars, which work in frequent contract with the Commission's Staff, and which should be aware of applicable statute, would take a position of neutrality. While Staff believes that this is a design matter subject to their review and approval, we will "take the bull by the horns," so to speak, and recommend our approval of the electrical service connection proposed by the District.

It is related to the Commission that Staff has done everything possible to cooperate with and accommodate the the District in this certificate case proceeding. In recommending approval of the electrical service connection proposed herein, we do so somewhat reluctantly and only because we believe it is in the public interest to do so. The Commission must understand that this is a project which Staff believes to be marginally feasible and very sensitive to change.

In this project a delicate financial balance has been established wherein rejection of the electrical service connection may result in additional costs that could render the project infeasible. Staff further believes that, in view of reductions in Federal funding and a corresponding change in economic climate, this may be the District's only chance to provide sewer service in its area for many years to come.

In summary, Staff recommends approval of the District's proposed electrical service connection subject to the following terms and conditions:

- 1) District responsibility for installation and maintenance of the electrical service apparatus, wiring, and disconnect box.
- 2) Procurement of proper easements by the District for electrical service maintenance.

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- 3) Installation in accordance with requirements of the latest edition of National Electrical Code and National Electrical Safety Code.
- 4) Installation of underground wiring in electrical service conduit.
- 5) Provision of locking devices/mechanisms for the disconnect box.

Note: Staff respectfully requests that the Commission add language in its order which emphasizes that special consideration has been given to the District's proposed electrical service connection in light of its specific circumstances. Further, emphasis should be placed upon the electrical service connection not being construed as Commission policy for all projects, but that the Commission will consider such service connections in future proceedings on a case by case basis.

ELECTRICAL COST REIMBURSEMENTS

Staff is in agreement that the District's methodology for septic tank effluent pump electrical cost reimbursement is not acceptable because it is not based upon actual usage of electrical power. While Staff does recognize that it is difficult, if not impossible, to distinguish just what the actual power usage of the pump is from the total electric service meter reading, there is a means by which pump unit power costs can be more accurately and fairly estimated.

Since Staff believes that electrical power cost reimbursement to the S.T.E.P. customer should, more fairly, be based upon water usage, which forms the basis for sewer service charges, it is but a simple matter to translate the water usage readings into power costs. This has been done by Chief Utility Manager Danny L. Ellis, and I concur with his recommendations in this regard.

I would note, however, that there is a tariff provision for unmetered usage. Should a S.T.E.P. unit customer be connected that does not have metered water usage, then the corresponding electrical cost reimbursement (energy credit) to the customer should be approximately \$0.14 (4,500 gallons x 0.03 per 1,000 gallons, rounded upward). The energy credit proposed by Staff should reflect this provision.

S.T.E.P. UNIT OPERATION/MAINTENANCE

Staff is faced with a proposal by the District wherein there will initially be 80 pump units which will require operational and

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maintenance attention. There is also the potential for 106 more units to be added. Although there should be relatively few initial problems, these pump units are mechanical devices which are subject to wear and tear from continued usage. They are also subject to eventual failure just as any other mechanical device. Staff therefore places heavy emphasis on pump operation and maintenance considerations.

To assure adequate pump operation and maintenance by the District, Staff recommends the following:

- 1) That all maintenance personnel be factory trained.
- 2) That each customer with a S.T.E.P. unit be provided with a notification by letter which basically describes the service provided, indicates the customer's and District's responsibilities, and provides emergency telephone numbers for service in the event a problem occurs with the pump unit.
- 3) That all pump units be inspected at least once a year and records be maintained which show when such inspections were performed and by whom.
- 4) That a schedule for periodic maintenance be established in accordance with the pump manufacturer's recommendations.
- 5) That records be maintained which show when periodic pump maintenance was performed, the nature of the maintenance performed, and who performed it.
- 6) That the Hearing Examiner's Decision in this certification case adopt the preceding five (5) Staff recommendations and require the District to do them as conditions for approval of this case.

NOTE: These recommendations have been discussed with the District and no objections were raised. The District's response of February 9, 1987, indicates that these recommended maintenance activities will be included in the Operation and Maintenance Manual.

RENEWAL AND REPLACEMENT RESERVE

A total of 80 S.T.E.P. units will be installed as part of the proposed project. Staff recommends that a Renewal and Replacement Reserve be established by the District for these units as follows:

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- 1) That the annual amount of the renewal and replacement reserve, for ratemaking purposes, should be \$3,200, as proposed and agreed to by the District.
- 2) That all renewal and replacement reserve money be placed in a distinct, separate, interest-bearing bank account specifically for S.T.E.P. unit replacements. Expenditures from this account should be only as noted for major unit overhauls or complete replacements.
- 3) That the District develop and maintain proper records with respect to usage of funds from the recommended renewal and replacement reserve account.
- 4) That the Hearing Examiner's Decision in this case adopt Staff's recommendations with respect to the renewal and replacement reserve, which is unopposed by the District.

FUTURE S.T.E.P. SERVICES

State Law (West Virginia Code §16-13A-9) requires the District to bear all costs for the installation and maintenance of pump units for sewer service, in instances where service is not available by gravity and the customer is compelled to connect. With respect to future S.T.E.P. unit service connections, when required, the District has proposed using the main extension rule (Commission Sewer Rule 5.03) to define District and customer cost sharing responsibilities. Staff believes this proposal to be contrary to law and the intent of the Commission's Rules.

Staff acknowledges that the District can incur a substantial financial burden if a large number of new customers are added which require S.T.E.P. units for service. This is indeed a matter of great concern to Staff and must be dealt with in an equitable, non-discriminatory manner which is not contrary to law. With respect to this particular issue, then, Staff recommends the following:

- 1) That the District be required to establish a reserve for future S.T.E.P. service connections.
- 2) That the annual amount of the reserve, for ratemaking purposes, be \$8,000. This amount is equal to two (2) new service connections per year at \$4,000 each, as indicated in the February 16, 1987, memorandum of Danny L. Ellis.
- 3) That the District be required to set aside its reserve funds for future S.T.E.P. connections in a separate, interest-bearing bank account specifically for the purpose intended.

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- 4) That the District develop and maintain proper records with respect to usage of the reserve account, to include identification of when funds were deposited, when funds were withdrawn, accrued interest, current account balances, and identification of customers for whom the funds were used to provide service connections.
- 5) That the Hearing Examiner's Decision in this case adopt Staff's recommendations with respect to future service connections as a condition to approval of the project.

OPERATION AND MAINTENANCE EXPENSES

The District proposes to have only three employees aside from the Board Members. These employees include:

- 1 Full-Time Operator @ \$6.00/hour
- 1 Full-Time Laborer @ \$4.50/hour
- 1 Part-Time Secretary @ \$4.00/hour

Staff expresses concern over the adequacy of this number of employees. While it is indeed commendable that the District Board is attempting to hold down expenses (which in turn holds down rates) by minimizing the number of employees, Staff fears that system maintenance needs may not be met. Likewise, with only one part-time secretary and no General Manager, customer relations and daily business needs may not be met. The Commission should note that this is a system which serves almost 1,400 customers with 21.3 miles of main, six pump stations, and 80 S.T.E.P. units, all of which require attention.

With respect to number of employees, the operator and laborer may be adequate to oversee maintenance needs for at least the first year of operation and possibly a year thereafter. This is in consideration of the system being new and relatively trouble free. One part-time secretary, however, may not be adequate to handle billing, collecting, bookkeeping, customer inquiries, etc. Only with frequent supervision and assistance from the District Board will this be feasible.

Staff notes that, from an overall dollar amount standpoint, there may be some flexibility within the O & M budget to allow for increased secretarial hours and wages as needed. This flexibility may occur in the following areas:

- 1) Initial low expenses for maintenance supplies and materials.
- 2) Initial low S.T.E.P. unit miscellaneous maintenance costs.
- 3) Initial lack of septic tank pumping costs.
- 4) Lower lift station power costs than projected.
- 5) Meter reading, billing, and collecting costs which may be lower than estimated.

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In summary, Staff regards the operation and maintenance expense budget to be adequate, but only marginally so. It is recommended that the general overall expense levels be accepted, but only subject to the following terms and conditions:

- 1) That, at the end of the first year of operation, the District Board be required to evaluate the need for a General Manager and additional operation/secretarial employees. Subsequent to this evaluation, the District should report the results thereof to the Commission's Public Service District Division.
- 2) That the District Board be required to take an active, supervisory role in the daily business affairs of the District. Specifically, in the absence of a General Manager, that at least one of the Board Members assume responsibility for supervision of the three employees, be generally available for advice and assistance, and at least a weekly review of the District's business.
- 3) That, at the time of system start-up, the District furnish to the Commission current names, addresses, and telephone numbers of all Board Members; the District's current mailing address, and daily business telephone number; and the name and telephone number of a person the Commission's Staff can contact during its' (Staff's) normal business hours.

SPECIAL TARIFF SCHEDULE

The District's tariff includes a special schedule, Schedule No. 4, for use on an and if and when basis. It essentially provides a means by which the District can charge for wastewaters of a non-industrial nature that emanate from an industrial plant, but which cannot be effectively measured. The basis for this charge is not clearly defined anywhere in the filing.

Staff does not object to inclusion of this special schedule in the District's proposed tariff, but does believe that the 50 gallons per day per employee is a bit high. In this regard, it is recommended that a figure of 35 gallons per day per worker or employee be allowed, based upon Health Department design estimates. A copy of the appropriate design standard from which Staff's recommendation is derived is attached.

RLS:rmt

Attachment

Board of Health
Interpretive Rule 16-1
Series VII

Part III
Sec. 16.8.

MINIMUM DESIGN LOADINGS FOR SEWAGE TREATMENT FACILITIES

Facility Description	Unit Sewage Design Flow (gpd)	Unit Five-Day BOD (lbs/day)
Airports		
Each employee	15	.05
Each passenger	5	.02
Assembly Halls		
Per seat	2	.02
Bowling Alleys (No Food Service)		
Per Alley	75	.13
Per Alley with Bar	225	
Churches		
Per Member with Kitchen	5	.02
Per Member without Kitchen	2	.01
Clinics		
Per Staff	20	.03
Per Patient	5	.02
Country Clubs		
Per Member (non-resident)	25	.05
Per Member (resident)	70	.17
Domestic Sewage		
Residences (per resident -a-)		
a. New Collection System	70	.17*
b. Existing/Old Collection System	90	.17*
Summer Cottages, etc., per resident	50	.17
Apartment Houses--one bedroom	140	.34
--two	210	.51
--three	280	.60
Factories (per worker)		
Heavy with cafe and shower	35	.04
Light with cafe	25	.02
Light with shower	25	.02
Light	20	.02

INTERNAL MEMORANDUM

Date: February 26, 1987
To: Robert Williams
Staff Attorney
Legal Division
From: Danny L. Ellis *DLE*
Chief Utilities Manager
PSD Division
Re: CASE NO. 86-026-S-CN
GREATER PAW PAW SANITARY
DISTRICT

1
PUBLIC SERVICE COMPANY
OF W. V.

100 007

A correction needs to be made to my February 16, 1987 memorandum on the subject case. The energy credit illustrated on the Staff Recommended Tariff, Attachment 2, is incorrect. This clause should read as follows:

Energy Credit

All customers served by a Septic Tank Effluent Pump unit who also provide electricity to that pump shall receive a credit on their monthly bill equal to 3¢ per thousand gallons used. This credit is to reimburse the customer for the electrical cost of pump operation. The following equation represents the calculation of the electrical cost to pump 1,000 gallons assuming a 20 GPM pump operation:

$$.5 \text{ hp} \times .746 \text{ Kw/hp} \times .833 \text{ hrs} \times \$0.07/\text{Kwh} = \$0.022$$

or \$0.03 per 1,000 gallons

DLE:ahb

cc: Robert L. Skiles, Jr.

INTERNAL MEMORANDUM

PUBLIC SERVICE COMMISSION
OF W. VA.

FEB 17 1987

LEGAL DIVISION
RECEIVED

DATE: February 16, 1987
TO: Robert Williams, Staff Attorney
Legal Division
FROM: Danny L. Ellis, Chief Utilities Manager *DEE*
PSD Division
RE: CASE NO. 86-026-S-CN
GREATER PAW PAW SANITARY DISTRICT

The Greater Paw Paw Sanitary District has filed an application for a certificate of convenience and necessity to construct a sanitary sewer collection system consisting of approximately 220,500 linear feet of sewer mains, 473 manholes and 9 lift stations. The estimated project costs are summarized as follows:

Construction	\$6,360,709
Engineering Design	444,228
Engineering Services	354,663
Legal and Administrative	145,500
Bond Council	38,560
Land and Rights-of-Way	30,000
Capitalized Interest	146,180
Prefunded Debt Reserve	146,180
Contingencies	<u>312,460</u>
Total Project Costs	<u>\$7,978,480</u>

The project is to be funded as follows:

EPA Grant	\$5,476,974
WDA Grant	502,445
WDA Loan	1,928,011
Tap Fees	<u>71,050</u>
Total Project Funding	<u>\$7,978,480</u>

All sewage will be collected and transmitted to the City of Fairmont for treatment. The Fairmont sewage treatment plant was recently upgraded to provide treatment services for Fairmont, Barrackville, Kingmill Valley PSD and Whitehall PSD. Staff has been assured that the Fairmont plant has adequate capacity to accept and treat the sewage discharge of the Paw Paw system. A sewage treatment contract between the City of Fairmont and the Applicant has been submitted for Commission approval. Except for one clause within the contract that allows the City of Fairmont to "stop" the inflow of sewage from Paw Paw, the contract appears to be acceptable. The possible modification of this one clause is deferred to the Staff engineer and attorney.

Robert Williams, Staff Attorney
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It should be noted that allocation factors were previously calculated to determine the reimbursement to Fairmont by Barrackville, Kingmill Valley and Whitehall for their share of the capital costs of upgrading and treatment expenses. With the inclusion of Paw Paw within this arrangement, the allocation factors, and resulting level of reimbursement by these three other utilities, will decrease.

Included within this project is also the takeover by the Applicant of the sewage systems of the Towns of Rivesville, Grant Town and Fairview. The Applicant has indicated that the treatment plants of these three towns will be closed and that all of the Towns' customers will be absorbed within the Applicant's system.

The Applicant is proposing to connect 80 customers through an innovative and alternative collection method known as a Septic Tank Effluent Pump, or a STEP unit. This involves the use of a small electrical motor that pumps the liquid discharge of a septic tank into the sewage collection mains. There are three financial issues when dealing with STEP units. They are:

- 1) Treatment of electrical connections to effluent pumps
- 2) Funding of pump renewal and replacement
- 3) Funding of future STEP customers

In reference to No. 1, the Applicant is proposing to make the electrical connection to the customer's house, thereby requiring the customer to pay for the electricity consumed by the effluent pump. Previous cases have determined that this electrical expense is an obligation of the utility and not the customer. The Applicant is presently prepared to reimburse each STEP customer a flat amount of 24c per month for electrical usage. This is based on the pumping of 8,100 gallons per month.

Instead of this method of reimbursement, I would recommend that the District credit each STEP customer an amount equal to 3c per thousand gallons used per month. This would allow for a more precise reimbursement between customers with different usage levels. This amount is based on the District's calculations and is determined by dividing 24c by 8.1 M gallons to arrive at a cost per M gallon of 2.96c or 3c. This energy credit has been included within the recommended tariff on Attachment 2. It should be noted that the Applicant will be required to amend its tariff if an increase in the applicable electrical tariff causes an increase in this energy credit.

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Page 3

As to the second issue, the District is proposing an annual reserve funding of \$3,200 for renewal and replacement of effluent pumps. This calculates to a 100% replacement over a ten year period and appears reasonable and adequate.

The third STEP-related issue involves future STEP connections. The District has proposed to treat future STEP connections as main extensions. This is totally unacceptable. The District has the responsibility to make connections at its cost for a customer adjacent to a sewer main. That customer should only pay the approved tap fee with the District absorbing the balance of the installation cost. With this in mind and the fact that this type of tap is expensive, the District must set aside funds to cover these future STEP connections. Staff has typically required a special reserve in these instances to be annually funded in an amount equal to the connection costs of a set number of STEP connections, usually two. With only 80 STEP units system-wide, an annual reserve funding to cover two STEP connections a year would seem adequate. The District has estimated an average STEP connection to cost \$6,000. I believe this to be rather high in comparison to other cases. I further believe an amount of \$4,000 to be more than adequate for the connection of one STEP unit. This equates to a required annual funding of \$8,000 for a special reserve for future connections to cover the District's costs of connecting two new STEP customers per year.

The Applicant's present estimation of operation and maintenance expenses is comprised of two separate groups of calculations. The first calculation concerns the estimation of the amount to be paid to Fairmont for the Applicant's share of Fairmont's capital costs and treatment expenses. While these estimated amounts will change because they will, in part, be based on actual flows, the overall estimation of \$83,963 to be paid to Fairmont appears reasonable.

I am mildly concerned that the second group of expense calculations for the operation and maintenance of the collection system, the billing and collection of fees from some 1,394 customers, and all other administrative and general expenses may be underestimated. The Applicant is aware of Staff's concerns, but still believes that present expense estimations are acceptable. I am willing to accept the present O & M estimations only if the Staff Engineer agrees that the estimates are adequate.

The Applicant's Rule 42 Exhibit contains a detailed customer listing as support for the bill analysis. While I have not made any adjustment to the proforma operating revenues, I have restated the interest earnings. The District should be able to earn 10% on the invested balance of the prefunded debt reserve if these funds are invested with the State Consolidated Investment Fund.

Robert Williams, Staff Attorney
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February 16, 1987
Page 4

A review of the project cash flow indicates the need for interim financing during construction. The District presently has two interim loans for total design costs; one from WDA and the other from a local bank, both totaling \$444,228, including interest. These two loans will be retired with proceeds from the permanent WDA loan upon the closing of this loan.

To insure an adequate project cash flow, the District has obtained a \$750,000 line of credit from the City National Bank of Fairmont. The stated interest rate is a variable rate based on 90% of the Mellon Bank prime with a floor rate of 7.25% and a ceiling rate of 12.75% per annum. The maturity of this loan is stated to be March 31, 1988. After modifying the Applicant's project cash flow to include all project revenues and expenses, I have determined that the principal amount of \$750,000 should be adequate. The interest rate and date of maturity, though, are not presently acceptable. While a variable interest rate is not the District's best option, a variable rate would be acceptable in this instance because it would appear that interim financing may only be needed for possibly six months out of the first fifteen months of the project and that total interest expense should be less than \$10,000. This should easily be offset by the interest to be earned from the investment of project funds during this same period. My one concern about the interest rate, and a concern that I will defer to the Legal Division, involves the ceiling rate exceeding a statutory limitation of 12%. If the Legal Division determines that to not be a problem, then the interest rate is acceptable from my point of view.

The stated maturity date must be changed. My cash flow analysis indicates that project cash deficits will occur during the 7th, 8th and 9th months and again during the 13th, 14th and 15th months. While my projected cash flow is obviously subject to change depending upon the actual inflow and outflow of funds experienced during construction, it nonetheless, at the present time, indicates a need for interim financing at least through the months of June or July of 1988. The presently proposed line of credit will mature and be unavailable when the District experiences a cash deficit of approximately \$500,000 in the 15th month of the project. The maturity of the line of credit must be renegotiated to extend through July 31, 1988. This and only this will allow the District to have the necessary funding available to meet the cash needs of the project as presently proposed.

Illustrated on Attachment 1 is a Staff Recommended Cash Flow Analysis for the first year of operations. This cash flow includes the funding of the WDA R & R Reserve and the two STEP related reserves in addition to the Applicant's stated level of operation and maintenance expenses and debt service. The result of this analysis is a surplus of \$3,893 and a coverage of 116%. Both figures are acceptable, but only

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marginally so because there is little room for error for a utility of this size. The WDA bond resolution requires a coverage of 115%. An annual decrease in revenues or increase in expenses of only \$2,253 will not only eliminate 58% of the projected surplus, but it would also push the District to an inadequate coverage of 114%.

Although I bring attention to this cash flow issue, I am not recommending that rates be increased. The amount of increase I would suggest would only be 5c or 6c per thousand gallons. I would not want to add even this small amount to rates unless I was certain it was absolutely necessary. The cash flow analysis is adequate as long as estimations are accurate. One estimation which could grossly affect this cash flow analysis, both positively and negatively, is the actual expense to Fairmont for sewage treatment. Until sufficient history has been developed to more precisely calculate this treatment expense, it is unnecessary to adjust rates.

A Staff Recommended Tariff is illustrated on Attachment 2. I have consolidated two of the District's proposed schedules into one tariff schedule and have added a clause to explain the crediting of energy costs for STEP customers. I defer to the Engineering Staff the determination of need to include the tariff schedule on industrial waste and specifically the District's proposed tariff Schedule 4 concerning charging for industrial flows when the flows cannot be measured.

In conclusion, I recommend that the Greater Paw Paw Sanitary District be granted a Certificate of Convenience and Necessity subject to the following conditions:

- 1) A revised confirmation of interim financing be submitted by the Applicant that states maturity no sooner than July 31, 1988.
- 2) A special and separate interest bearing account to be known as the "STEP Reserve for Renewal and Replacement" will be initiated by the Applicant. The Applicant will make monthly deposits into this account to equal an annual total deposit of \$3,200 to be used entirely and solely for the purpose of renewing or replacing pumps in individual customer's STEP units. All interest earnings from this account will be redeposited in this account.
- 3) A special and separate interest bearing account to be known as the "STEP Reserve for Future Connections" will be initiated by the Applicant. The Applicant will make monthly deposits into this account to equal an annual total deposit of \$8,000 to be used entirely and solely for the purpose of

Robert Williams, Staff Attorney
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February 16, 1987
Page 6

funding the installation of future individual STEP units. All interest earnings from this account will be redeposited in this account.

- 4) The installation of more than 80 STEP units during construction should be subject to Commission approval.
- 5) The installation of more than 2 STEP units, annually, after the initiation of operation should be subject to Commission approval.
- 6) The Applicant should file with the Commission a financial report showing the actual flow usage of the Applicant's system and the resulting calculation of the amounts to be paid to Fairmont for sewage treatment. This should be based on the first six months of operation and should be filed no later than the end of the eighth month after initiation of service. Included within this report should be the Applicant's reevaluation of rate adequacy.
- 7) The Applicant should file with the Commission a monthly financial report throughout the project period showing the status of the project cash flow.

One final note concerns the Applicant's indication that another form of project interim financing, Grant Anticipation Notes, was being investigated. At the time of writing this memorandum, no data or information had been submitted by the Applicant to attest to the financial feasibility of such an issuance so a recommendation on this financing cannot be made. The District should be alerted to this fact and informed that GANs cannot be issued without prior Commission review and consent.

DLE:rmt

GREATER PAW PAW SANITARY DISTRICT
CASE NO. 86-026-S-CN
STAFF RECOMMENDED CASH FLOW ANALYSIS
FOR FIRST YEAR OF OPERATIONS

Cash Available:		
Operating Revenues	\$330,708	
Interest Income	<u>14,618</u>	
Total Cash Available		\$345,326
Cash Requirements:		
Operating Expenses	\$169,698	
Other Taxes	<u>6,087</u>	
Subtotal		<u>175,785</u>
Cash Available for Debt Service (A)		\$169,541
Debt Service Requirements:		
Principal and Interest (B)	\$146,180	
Debt Reserve (Prefunded)	<u>0</u>	
Total Debt Service Requirements		<u>146,180</u>
Cash Available for Reserves		\$ 23,361
Reserve Requirements:		
WDA Renewal & Replacement Reserve	\$8,268	
STEP Renewal & Replacement Reserve	3,200	
STEP Future Connection Reserve	<u>8,000</u>	
Total Reserve Requirements		<u>19,468</u>
Surplus		\$ 3,893
Coverage (A) ÷ (B)		116%

GREATER PAW PAW SANITARY DISTRICT
CASE NO. 86-026-S-CN
STAFF RECOMMENDED TARIFF

Applicability

Applicable within territory served.

Availability

Available for general residential, commercial and industrial service.

Metered Rate

\$4.31 per 1,000 gallons used per month

Minimum Charge

Metered service is subject to a minimum charge of \$8.62 per month

Unmetered Rate

\$19.40 per month based on 4,500 gallons used

Energy Credit

All customers served by a Septic Tank Effluent Pump unit who also provide electricity to that pump shall receive a credit on their monthly bill equal to 3¢ per 1,000 gallons used. This credit is to reimburse the customer for the electrical cost of pump operation. The following equation represents the calculation of the electrical cost to pump 1,000 gallons assuming a 20 GPM pump operation:

.5 horsepower x .833 hours x \$0.07/Kwh = \$0.029 or \$0.03 per 1,000 gallons

Delayed Payment Penalty

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

Connection Fee

\$200.00

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 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 RICHARD D. VALENTINE, Chairman of the public service board of the Greater Paw Paw Sanitary District (the "Issuer"), hereby certify as follows:

1. On the 7th day of April, 1987, the Authority received the entire original issue of \$1,928,011 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated April 7, 1987, the Series 1987 A Bond being in the principal amount of \$1,548,258 and the Series 1987 B Bond being in the principal amount of \$379,753.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Richard D. Valentine, as Chairman of the public service board of the Issuer, by his manual signature, and by Robert D. Cunningham, as Secretary of the public service board of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1987 A Bonds in the aggregate amount of \$1,548,258. Proceeds of the Series 1987 B Bonds are expected to be received in approximately 60 days. Upon receipt of the proceeds of the Series 1987 B Bonds the Issuer will deliver to the Authority a receipt in substantially the form attached hereto as Exhibit A.

6

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and GREATER PAW PAW SANITARY DISTRICT has caused this receipt to be executed by the Chairman of its public service board, as of this 7th day of April, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Secretary-Treasurer

GREATER PAW PAW SANITARY DISTRICT

By Richard D. Johnston
Chairman, Public Service Board

04/02/87
PAPA1-E

EXHIBIT A

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds, Series 1987 B

RECEIPT FOR SERIES 1987 B BOND PROCEEDS

The undersigned Richard D. Valentine, Chairman of the public service board of Greater Paw Paw Sanitary District (the "Issuer"), hereby certifies that, on the 8th day of April, 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 \$ \$379,753.00 (100% of par).

IN WITNESS WHEREOF, Greater Paw Paw Sanitary District has caused this receipt to be executed by the Chairman of its public service board, as of this 8th day of April, 1987.

GREATER PAW PAW SANITARY DISTRICT

By Richard D. Valentine
Chairman

03/23/87
PAPAI-F



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 A, in the principal amount of \$1,548,258 and Bond No. BR-1, constituting the entire original issue of the Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 B, in the principal amount of \$379,753 both dated April 7, 1987 (collectively, the "Bonds"), executed by the Chairman and Secretary of the public service board of Greater Paw Paw Sanitary District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated February 23, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$1,548,258, representing the agreed aggregate purchase price of the Series 1987 A Bonds, there being no accrued interest

thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 7th day of April, 1987.

GREATER PAW PAW SANITARY DISTRICT

By 
Chairman, Public Service Board

04/02/87
PAPA1-G



(SPECIMEN BOND - SERIES 1987 A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1987 A

No. AR-1

\$1,548,258

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED FORTY-EIGHT THOUSAND TWO HUNDRED FIFTY-EIGHT DOLLARS (\$1,548,258), 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 October 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, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated February 23, 1987.

J

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage 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 4 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, duly adopted by the Issuer on March 31, 1987 (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 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$379,753, which Series 1987 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 1987 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 1987 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 year of principal of and interest on the Bonds, the Series 1987 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 1987 B Bonds,

provided however, that so long as there exists in the Series 1987 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 year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 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, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY 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 April 7, 1987.

[SEAL]

Richard D. Johnston
Chairman

ATTEST:

Robert D. Cunningham
Secretary

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY 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 April 7, 1987.

[SEAL]

Chairman

ATTEST:

Secretary

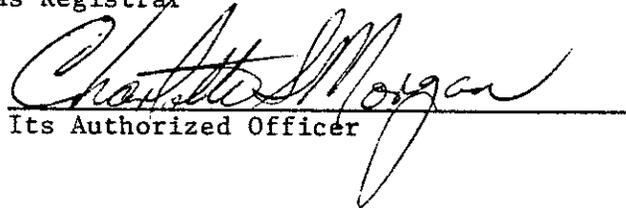
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: April 7, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By


Its Authorized Officer

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: April 7, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE
SERIES 1987 A BONDS

PERIOD ENDING	COUPON	PRIN.	INTEREST	DEBT SERVICE
10/1				
1987	8.38		62,709.61	62,709.61
1988	8.38		129,744.02	129,744.02
1989	8.38	6,396	129,744.02	136,140.02
1990	8.38	6,932	129,208.04	136,140.04
1991	8.38	7,513	128,627.14	136,140.14
1992	8.38	8,143	127,997.55	136,140.55
1993	8.38	8,825	127,315.16	136,140.16
1994	8.38	9,565	126,575.63	136,140.63
1995	8.38	10,366	125,774.08	136,140.08
1996	8.38	11,234	124,905.41	136,139.41
1997	8.38	12,176	123,964.00	136,140.00
1998	8.38	13,196	122,943.65	136,139.65
1999	8.38	14,302	121,837.83	136,139.83
2000	8.38	15,501	120,639.32	136,140.32
2001	8.38	16,800	119,340.34	136,140.34
2002	8.38	18,207	117,932.50	136,139.50
2003	8.38	19,734	116,406.75	136,140.75
2004	8.38	21,387	114,753.04	136,140.04
2005	8.38	23,179	112,960.81	136,139.81
2006	8.38	25,122	111,018.41	136,140.41
2007	8.38	27,227	108,913.19	136,140.19
2008	8.38	29,509	106,631.56	136,140.56
2009	8.38	31,982	104,158.71	136,140.71
2010	8.38	34,662	101,478.62	136,140.62
2011	8.38	37,566	98,573.94	136,139.94
2012	8.38	40,714	95,425.91	136,139.91
2013	8.38	44,126	92,014.08	136,140.08
2014	8.38	47,824	88,316.32	136,140.32
2015	8.38	51,832	84,308.67	136,140.67
2016	8.38	56,175	79,965.15	136,140.15
2017	8.38	60,863	75,257.68	136,140.68
2018	8.38	65,965	70,155.68	136,140.68
2019	8.38	71,514	64,626.14	136,140.14
2020	8.38	77,507	58,633.27	136,140.27
2021	8.38	84,002	52,138.18	136,140.18
2022	8.38	91,041	45,098.81	136,139.81
2023	8.38	98,671	37,469.58	136,140.58
2024	8.38	106,940	29,200.95	136,140.95
2025	8.38	115,901	20,239.38	136,140.38
2026	8.38	125,619	10,526.87	136,145.87
		1,548,258	3,817,530.00	5,365,768.00

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

04/02/87
PAPA1-X



(SPECIMEN BOND - SERIES 1987 B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1

\$379,753

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE HUNDRED SEVENTY-NINE THOUSAND SEVEN HUNDRED FIFTY-THREE DOLLARS (\$379,753), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated February 23, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. 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, duly adopted by the Issuer on March 31, 1987 (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 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 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 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any 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, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 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 1987 A, OF THE ISSUER (THE "SERIES 1987 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, GREATER PAW PAW SANITARY 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 April 7, 1987.

[SEAL]

Richard W. Idertme
Chairman

ATTEST:

Robert D. Cunningham
Secretary

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY 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 April 7, 1987.

[SEAL]

Chairman

ATTEST:

Secretary

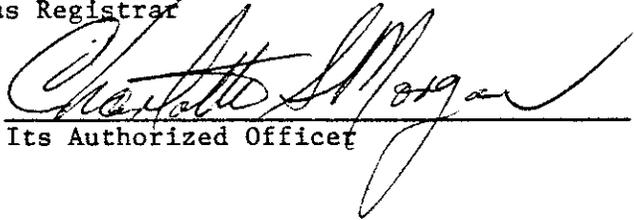
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: April 7, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By


Its Authorized Officer

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 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: April 7, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE
SERIES 1987 B BONDS

PERIOD ENDING 10/1 -----	ZERO COUPON BONDS -----
1987	.00
1988	.00
1989	9,993.50
1990	9,993.50
1991	9,993.50
1992	9,993.50
1993	9,993.50
1994	9,993.50
1995	9,993.50
1996	9,993.50
1997	9,993.50
1998	9,993.50
1999	9,993.50
2000	9,993.50
2001	9,993.50
2002	9,993.50
2003	9,993.50
2004	9,993.50
2005	9,993.50
2006	9,993.50
2007	9,993.50
2008	9,993.50
2009	9,993.50
2010	9,993.50
2011	9,993.50
2012	9,993.50
2013	9,993.50
2014	9,993.50
2015	9,993.50
2016	9,993.50
2017	9,993.50
2018	9,993.50
2019	9,993.50
2020	9,993.50
2021	9,993.50
2022	9,993.50
2023	9,993.50
2024	9,993.50
2025	9,993.50
2026	9,993.50

	379,753.00

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

04/02/87
PAPA1-Y



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

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April 7, 1987

CHARLESTON

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OF COUNSEL

ROBERT W. LAWSON, JR.
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EUGENE G. EASON

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RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Greater Paw Paw Sanitary District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,548,258 Sewer Revenue Bonds, Series 1987 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated February 23, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 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 2026, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new

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

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on March 31, 1987, as supplemented by a supplemental resolution also adopted March 31, 1987 (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law, and the members of the public service board of the Issuer have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

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

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

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a 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.

5. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for

purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income adjusted current earnings for taxable Years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Local Bonds are, under the Local Statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The Final Order of the Public Service Commission of West Virginia entered March 30, 1987 (Case No. 86-026-S-CN) granting to the Issuer a Certificate of Convenience and Necessity, and approving the Issuer'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. We have received written notification by the Public Service Commission staff and the City Manager of Fairmont that they do not intend to appeal such order.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,


STEPTOE & JOHNSON

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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April 7, 1987

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GARY W. NICKERSON
W. RANDOLPH FIFE

Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Greater Paw Paw Sanitary District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia of its \$379,753 Sewer Revenue Bonds, Series 1987 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated February 23, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2026, 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 February 23, 1987, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1987 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, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on March 31, 1987, as supplemented by a supplemental resolution also adopted March 31, 1987 (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public corporation 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, and the members of the public service board of the Issuer have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

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

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

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien

on and pledge of the net revenues of said System, junior and subordinate only to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

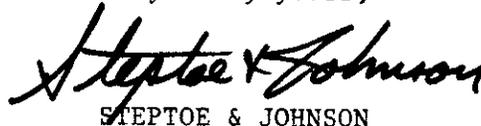
6. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Final Order of the Public Service Commission of West Virginia entered March 30, 1987 (Case No. 86-026-S-CN) granting to the Issuer a Certificate of Convenience and Necessity, and approving the Issuer'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. We have received written notification by the Public Service Commission Staff and the City Manager of Fairmont that they do not intend to appeal such order.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

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RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

April 7, 1987

Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 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 \$1,548,258 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A (the "Local Bonds"), of Greater Paw Paw Sanitary District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the public service board of the Issuer on this date.

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

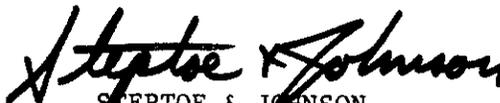
Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined.

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West Virginia Water Development Authority
Page 2

We express no opinion herein as to the taxability of the interest on the Local Bonds in the event of the failure to comply with the certifications and covenants set forth in such Certificate as to Arbitrage.

Very truly yours,


STEPTOE & JOHNSON

04/02/87
PAPA1-J

RODERICK A. DEVISON

ATTORNEY AT LAW

FAIRMONT, WEST VIRGINIA

26554

203-204-205 SECURITY SAVINGS BUILDING

TELEPHONE 366-3216
AREA CODE 304

April 7, 1987

Greater Paw Paw Sanitary District
Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

West Virginia Water Development Authority
1201 Dunbar, West Virginia 25064

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

Gentlemen:

I am counsel to Greater Paw Paw Sanitary District, a public service district, in Marion County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated February 23, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein above the same meanings herein.

I am of the opinion that:

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

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

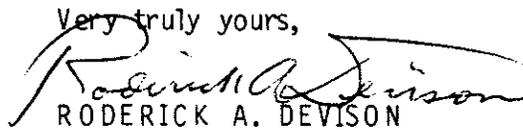
3. The Local Act has been duly adopted by the Issuer and is in full force and effect.

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

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of such order of the Public Service Commission of West Virginia has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated March 31, 1987, that it will not appeal such Order.

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

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

Very truly yours,

RODERICK A. DEVISON

04/02/87
PAPA1-K



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of Greater Paw Paw Sanitary District in Marion County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$1,928,011 aggregate principal amount of the Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted March 31, 1987, and a Supplemental Resolution adopted March 31, 1987 (collectively, the "Local Act").

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

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

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System. All borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date hereof, will be paid (or provisions for such payment will be made) simultaneously with the issuance of the Bonds.

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 Notice of Borrowing and Filing of PSC Application.

Bond Resolution.

Supplemental Resolution.

Minutes of 1987 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

EPA Grant Agreement, as amended.

WDA Grant Agreement.

Public Service Commission Order entered March 30, 1987.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is "Greater Paw Paw Sanitary District" and it is a public service district duly created by The County Commission of Marion 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>
Richard D. Valentine	December 1, 1984	November 30, 1990
Robert D. Cunningham	December 1, 1984	November 30, 1990
Richard Pruitt	December 1, 1984	November 30, 1990

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 - Richard D. Valentine
Secretary/Treasurer - Robert D. Cunningham

The duly appointed and acting Attorney for the Governmental Agency is Roderick A. Devison, Esquire, of Fairmont, West Virginia.

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

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

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

10. GRANTS: As of the date hereof, the EPA has committed to the Issuer the approximate amount of \$5,500,300. 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, as follows:

WDA Grant	-	\$502,445
-----------	---	-----------

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

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

12. RATES: The Issuer has received a Final Order of the Hearing Examiner of the Public Service Commission of West Virginia entered March 30, 1987, 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 Bonds of the aforesaid issue, all dated April 7, 1987, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Series 1987 A Bonds, being \$1,548,258 (100% of par value), there being no interest accrued thereon. Proceeds of the Series 1987 B Bonds in the amount of \$379,753 are expected to be received in approximately 60 days.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published a notice with respect to the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a certificate of convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

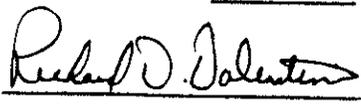
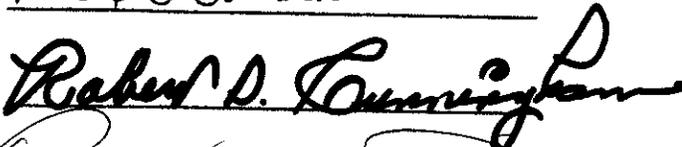
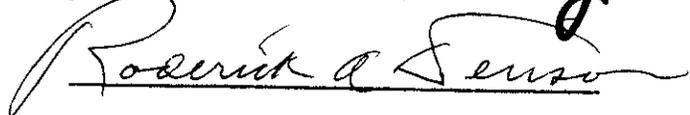
16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from

payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986.

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

WITNESS our signatures and the official seal of GREATER PAW PAW SANITARY DISTRICT on this 7th day of April, 1987.

[CORPORATE SEAL]

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

04/02/87
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GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds, Series 1987 A

CERTIFICATE AS TO ARBITRAGE

I, RICHARD D. VALENTINE, Chairman of Greater Paw Paw Sanitary District, in Marion County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,548,258 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated April 7, 1987 (the "Local Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 7, 1987, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds were sold on April 7, 1987, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$1,548,258 (100% of par).

7. The Local Bonds and certain supplemental non-interest bearing bonds in the aggregate principal amount of \$379,753 (the "Series 1987 B 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 new sewerage facilities (the "Project"), capitalizing interest on the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before June 1, 1988. Construction of the Project is expected to be completed by May 1, 1988.

9. The total cost of the Project is estimated at \$7,660,885, including reserve account deposits and capitalized interest. Sources of funding for the Project are as follows:

EPA Grant	\$5,500,300
Other Grants	502,445
Tap Fees	72,351
Net proceeds of Local Bonds and Series 1987 B Bonds (Gross Proceeds less \$146,135 deposited in Reserve Accounts, \$186,042 to be paid as capitalized interest and \$10,000 in legal fees)	<u>1,585,789</u>
Total	<u>\$7,660,885</u>

The amount of Project costs not expected to be reimbursed or paid from grants, Series 1987 B Bonds proceeds and tap fees is estimated to be at least \$1,548,258. Except for the proceeds of the Local Bonds, the Series 1987 B Bonds, the Grants and the tap fees, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bonds Sinking Fund the Series 1987 A Bonds Reserve Account; and
- (5) Series 1987 B Bonds Sinking Fund, and within the Series 1987 B Bonds Sinking Fund the Series 1987 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Local Bonds (and the Series 1987 B Bonds described in the Local Act, which bear no interest) will be deposited as follows:

(1) Local Bonds proceeds in the amount of \$351,322.37 will be applied to payment in full of temporary borrowings of the Issuer made to pay costs of design of the Project.

(2) Local Bonds proceeds in the amount of \$186,042 will be deposited in the Series 1987 A Bonds Sinking Fund to pay interest on the Series 1987 A Bonds for a period of approximately 16 months.

(3) Local Bonds proceeds in the amount of \$136,141 and Series 1987 B Bonds proceeds in the amount of \$9,994 shall be deposited in the Series 1987 A Bonds Reserve Account and Series 1987 B Bonds Reserve Account, respectively.

(4) The balance of the proceeds of the Local Bonds and the Series 1987 B 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 Local Bonds and related costs.

12. All moneys in the Series 1987 A Bonds Sinking Fund (with the exception of investment earnings thereon) will be held for the payment of the interest to accrue on the Local Bonds on or prior to the maturity thereof. Moneys held in the Series 1987 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be withdrawn therefrom and deposited, not less than

once each year, in the Revenue Fund, and such amounts will, during construction of the Project, be deposited in the Bond Construction Trust Fund and applied to Costs of the Project, and following completion of construction of the Project will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1987 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties.

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

15. With the exception of the amounts deposited in the Series 1987 A Bonds Sinking Fund for payment of interest on the Local Bonds, all of the proceeds of the Local Bonds will be expended on the Project within 13 months from the date of issuance thereof.

16. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

17. The Issuer covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.

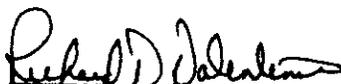
18. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Local Bonds.

19. The original proceeds of the Local 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 7th day of
April, 1987.

GREATER PAW PAW SANITARY DISTRICT

By 
Chairman, Public Service Board

04/02/87
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GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, James W. Saunders, Jr., Registered Professional Engineer, West Virginia License No. 5678 of BERNARD G. SAMPSON COMPANY, INC., consulting engineers, of Fairmont, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain sewerage facilities (the "Project") for Greater Paw Paw Sanitary District in Marion County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency 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, or amendments thereto and as described in the Application submitted to the West Virginia Development Authority ("WDA") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Greater Paw Paw Sanitary District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) 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 said Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

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

WITNESS my signature on this 7th day of April, 1987.

BERNARD G. SAMPSON COMPANY, INC.

By James W. Sanderf

Witness Dan A. Pratt

04/02/87
PAPAI-N

11/15/2011 10:00:00 AM



PRUITTE - FARCIN & Co.

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD M. PRUITTE, C.P.A.
H. ALLEN FARCIN, C.P.A.

1543 FAIRMONT AVENUE
FAIRMONT, WEST VIRGINIA 26554
(304) 363-5860

April 7, 1987

Greater Paw Paw Sanitary District
Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

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

Gentlemen:

Based upon the rates and changes as set forth and approved in the order of the Public Service Commission of West Virginia (Case No. 86-026-S-CN) entered March 30, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Bernard G. Sampson Company, 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 Greater Paw Paw Sanitary 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 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such bonds.

Very truly yours,

H. Allen Farcin
Certified Public Accountant



AT A REGULAR SESSION OF THE COUNTY COURT OF MARION
COUNTY, WEST VIRGINIA, HELD AT THE COURT OF SAID
COUNTY, WEDNESDAY, MARCH 21, 1973.

IN RE: ORDER CREATING PUBLIC SERVICE DISTRICT FOR SEWERAGE
SERVICES TO BE CALLED GREATER PAY PAY SANITARY DISTRICT.

On this 21st day of March, 1973, came a Committee composed
of Richard Valentine, Paul Ammons, Morton Sabol, Frank Edwards, and
various other interested persons, _____
_____, and RODERICK A. DEVISON, Attorneys
for the petitioners, and this proceeding came on to be heard.

Thereupon, upon the petitions and the motion for the creation
of a public service district for sewerage services as provided for
in Article 13-A of Chapter 16 of the Code of the State of West
Virginia heretofore filed, the said Committee, by Counsel, informed
the Court that there are three incorporated towns, Fairview, Grant
Town and Rivesville, lying within the boundaries of the said proposed
Public Service District, and exhibited resolutions heretofore adopted
by the respective Councils of said towns consenting to have the
towns included within the boundaries of said District and moved the
Court for the creation of a Public Service District embracing all
of The Pay Pay Watershed as shown on a map or plat of which District
which has been heretofore filed as an exhibit in this proceeding.

Thereupon, the petitioners filed certified copies of a notice
published in the Fairmont Times, a newspaper, of general circulation
in Marion County, and in the Dominion News in Monongalia County,
which notice was published pursuant to order entered by this Court
on the 21st day of February, 1973.

And now came the said Committee, and directed the Court's
attention to their motion in writing, for an order of the Court

take charge of the operation of the proposed Public Service District, and conduct and manage the same in the manner provided by law, and moved for a hearing on said motion. Whereupon, the Court heard further evidence and discussion adduced by petitioners.

Upon consideration whereof the Court was of the opinion that the petition heretofore filed contains the names of _____ property owners and legal voters and residents of the proposed District and that the incorporated towns lying within the said District have properly consented to be included within the boundaries of said District, and that the said Public Service District for sewer services in said above described area should be created. It is therefore ORDERED, ADJUDGED and DECREED that the said Public Service District be and the same is hereby created, as described above, and as shown on the map filed with the proceeding. It is further ordered that the name of the said District be called " GREATER PAV PAV SANITARY DISTRICT."

It is further ordered and adjudged and decreed that Richard D. Valentine, Robert Cunningham, and Ronald Haught be and the same are hereby appointed Board Members with terms as follows: Six (6) years, Four (4) years, and Two (2) years, respectively, the terms to run from the date hereof. It is further ordered that the said Board Members be sworn in by the Court and that they are to take charge of the said Public Service District and to conduct and manage the same in the manner provided by law.

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All of which is accordingly ordered and adjudged.

ENTER this 27 day of March, 1973.

County Commissioners

of

Marion County,

West Virginia

Jess Baranski
JESS BARANSKI

Clyde Wright
CLYDE WRIGHT

Betty Gill
BETTY GILL



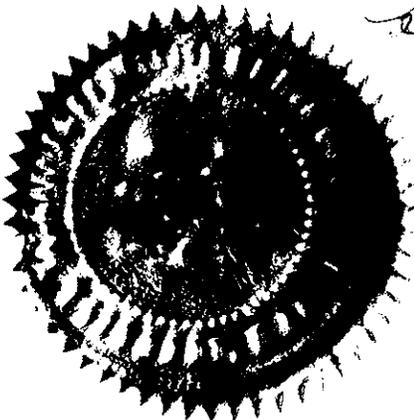
STATE OF WEST VIRGINIA,
COUNTY OF MARION, TO-WIT:

I, Janice Cosco, Clerk of the Marion County Commission, in the State of West Virginia, and as such Clerk, having the care and custody of the records of Police & Fiscal of said County, do hereby certify that the following is a true and accurate copy of the Minutes of the Marion County Commission for a Meeting held on January 8, 1985, which said minutes state that both Commissioners present signed an Order appointing Richard Valentine, Robert Cunningham, and Richard Pruitte, as board members of the Greater Paw Paw Sanitary District, to serve terms of six (6) years, commencing on December 1, 1984, as the same appears of record in Police & Fiscal Book No. 53, page 401.

In Testimony Whereof, I have hereunto set my hand and affixed the Seal of said Commission, at the City of Fairmont, in said County and State, this 25th day of March, 1987.

Janice Cosco
Clerk of the Marion County Commission
Marion County, West Virginia

By Edel M. Sikora
Deputy



Tuesday

January 8, 1985

The Marion County Commission sat in regular session.

Present: President Jess Borowski and Commissioner Betty Gill.

President Borowski called the meeting to order.

The minutes of Friday, January 4, 1985, were read and approved, as read.

Let the record note that David Glance from the Prosecuting Attorney's Office, and Todd Morgan from the Sheriff's Office, were present and left no objections to the recommendation by the Assessor's Order No. 6, dated December 28, 1984, for the Cancelling and/or Exonerating on the Erroneous Assessment Register Nos. 84-1380 through 84-1456, and Register Nos. 84-3645 through 84-3660 on the Refund or Exoneration Register.

Commissioner Gill moved that the Commission sign Register Nos. 84-1380 through 84-1456 on the Erroneous Assessment Register, and Register Nos. 84-3645 through 84-3660 on the Refund or Exoneration Register. President Borowski seconded the motion. The motion carried.

Commissioner Gill moved that we accept with deep regret the resignation of Robert Y. Stewart, from the Marion County Parks and Recreation Commission, effective February 1, 1985, and that an appropriate letter be sent to him. President Borowski seconded the motion. The motion carried.

Commissioner Gill moved that Nancy Bickerstaff be appointed to the Parks and Recreation Commission, effective February 1, 1985, to fill the unexpired term of Robert Y. Stewart who has resigned. President Borowski seconded the motion. The motion carried.

Tuesday
January 8, 1985

Commissioner Gill moved that we grant the request by the Fiduciary Supervisor and appoint Cynthia Danley, part-time employee, as Deputy Fiduciary Supervisor, and that she be employed eight (8) working days per month, at \$36.00 per day. President Borowski seconded the motion. President Borowski stated: "All in favor of said motion, say "I". Both Commissioners said "I". The motion carried.

Commissioner Gill moved that we grant the request by the Marion County Fire Board in letter dated December 27, 1984, to piggyback the County Employees Hospital Insurance for Helen F. Wood, Secretary, effective December 1, 1984. President Borowski seconded the motion. The motion carried.

Let the record note that both Commissioners present signed the Order appointing Richard Valentine, Robert Cunningham, and Richard Pruitte, as board members of the Greater Paw Paw Sanitary District, to serve terms of six (6) years, commencing on December 1, 1984.

Let the record note that the Revenue Sharing Recipient Account Statement form for Entitlement Period 16, as of November 29, 1984, has been received, which provides for quarterly payments beginning January, 1985, and scheduled as follows:

1 Quarter	\$177,346
2 Quarter	177,346
3 Quarter	177,346
4 Quarter	177,346
	<u>\$709,384</u>

Commissioner Gill moved that the President be authorized to sign the Agreement with Mentor Systems, Inc. to provide Customer Support on the Public Payroll/Personnel System Licensed Software, for 12 months commencing January 31, 1985, for \$200.00. President Borowski seconded the motion. The motion carried.

Tuesday
January 8, 1985

Let the record note that the Support Agreement for the Public Budgetary Accounting System Software was not purchased.

Commissioner Gill moved that the President be authorized to sign the Request for Reimbursement (FEMA Form 90-27) to the Federal Emergency Management Agency. (Recipient - Baxter Volunteer Fire Dept.).

Let the record note that both Commissioners present signed the Order setting a Hearing Date in the following matter:

In the Matter of:	/	Petition for Appointment
Mary O. Freeland		of Committee
Petitioners:		Junior Charles Freeland and
		Rita Freeland Wetzel
Attorney for Petitioners:		Gloria M. Hammack
Guardian Ad Litem:		D.J. Romino, II
Hearing Date		January 23, 1985 - 10:30 A.M.

Let the record note that both Commissioners present signed the Order setting a Hearing Date in the following matter:

In the Matter of:	/	Petition for Appointment
Maude E. Machesney		of Committee
Petitioner:		Helen L. Kolvek
Attorney for Petitioner:		Ross Maruka
Guardian Ad Litem:		David Janes
Hearing Date:		February 6, 1985 - 10:45 A.M.

The Commission recessed.



11-406

State of West Virginia, SS.:

I, Richard Valentine, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and I further solemnly swear that I will faithfully and impartially perform the duties of the office of Member of the Greater Paw Paw Sanitary Public Service District Board to the best of my skill and judgment. So help me God.

Richard D Valentine

Subscribed and sworn to before me, Janice Cosco

March

1987

in and for said county, this 23rd day of

Janice Cosco

11-407

State of West Virginia, §§:

I,Robert..Cunningham....., do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and I further solemnly swear that I will faithfully and impartially perform the duties of the office of Member..of..the..Greater..Paw..Paw..Sanitary..Public..Service..District.....
.....Board.....
to the best of my skill and judgment. So help me God.

Robert D. Cunningham

Subscribed and sworn to before me,Janice..Cosco,..Clerk,.....

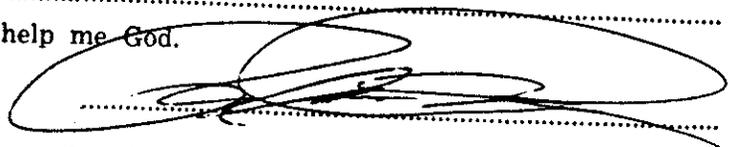
..... in and for said county, this20th..... day of
.....March..... 19...87

Janice Cosco

11-407

State of West Virginia, SS.:

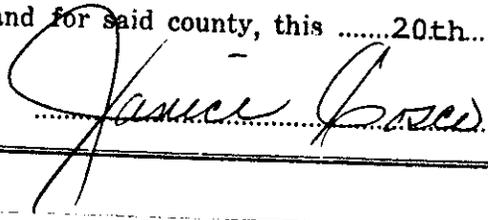
I,Richard M. Pruitte....., do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and I further solemnly swear that I will faithfully and impartially perform the duties of the office ofMember of the Greater Paw Paw Sanitary Public Service District Board..... to the best of my skill and judgment. So help me God.



Subscribed and sworn to before me,Janice Cosco, Clerk.....

..... in and for said county, this20th..... day of

March 19..87.





RULES OF PROCEDURE

GREATER PAW PAW SANITARY DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GREATER PAW PAW SANITARY DISTRICT

Section 2. The principal office of this Public Service District will be located at Fairmont, Marion County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Greater Paw Paw Sanitary 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 Marion 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 _____ 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 Marion 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 Marion 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:

GREATER PAW PAW SANITARY DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Greater Paw Paw Sanitary 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.

03/23/87
PAPAI-P



MINUTES OF ORGANIZATION MEETING FOR CURRENT YEAR

On January 21, 1987, a meeting was held in Fairmont, Marion County, West Virginia, to nominate and reelect officers for the year 1987 for Greater Paw Paw Sanitary District Board.

The meeting was called to order by Chairman, Richard D. Valentine, and the following people were nominated and elected to the following offices:

Chairman	- Richard Valentine
Secretary	- Robert Cunningham
Treasurer	- Richard Pruitte

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.


Secretary, Public Service Board
Greater Paw Paw Sanitary District

03/23/87
PAPA1-Q

Nº 1213

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

I, Joyce Ann Police, being first duly sworn upon my oath,

do depose and say that I am Legal Clerk of THE TIMES-WEST VIRGINIAN a corporation, publisher of the newspaper entitled THE TIMES-WEST VIRGINIAN an independent newspaper;

that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily except Saturday and Sunday, for at least fifty weeks during the calendar year, in the Municipality of Fairmont, Marion County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforementioned municipality and Marion County; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matter, advertisements and other notices;

that the annexed notice of Notice was duly published in said newspaper once a week for one successive week (Class I), commencing with the issue of the 17 day of Feb. 19 86, and ending with the issue of the 17 day of Feb. 19 86, and was posted at the front door of the Marion County Court House on the 17 day of Feb. 19 86; that said annexed notice was published on the following dates: Feb. 17, 1986

and the cost of publishing said annexed notice as aforesaid was \$30.50
Taken, subscribed and sworn to before me in said county this 17 day of Feb.

19 86

My commission expires Jan. 24, 1990

[Signature]
Notary Public of Marion County, West Virginia

RODERICK A. DEVISON
A. CHAIRMAN FOR
THE DISTRICT
Times: February 17, 1986.



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds, Series 1987 A and Series 1987 B

MINUTES ON ADOPTION OF BOND AND NOTES
RESOLUTION

I, ROBERT D. CUNNINGHAM, SECRETARY of the Public Service Board of Greater Paw Paw Sanitary 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:

The Public Service Board of Greater Paw Paw Sanitary District met in special session, pursuant to notice duly posted, on the 31st day of March, 1987, at Fairmont, West Virginia, at the hour of 7 p.m.

PRESENT:	Richard D. Valentine	- Chairman
	Robert D. Cunningham	- Member and Secretary/Treasurer
	Richard Pruitt	- Member

ABSENT:

Also present was Thomas Stevick, Project Coordinator.

Richard D. Valentine, Chairman, presided and Robert D. Cunningham 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 GREATER PAW PAW SANITARY 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 1987 A, NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$6,000,000 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. Pruitte, seconded by Mr. Cunningham, 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 1987 A AND SERIES 1987 B OF GREATER PAW PAW SANITARY 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. Pruitte, seconded by Mr. Cunningham, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and 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.

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 7th day of April, 1987.


Secretary, Greater Paw Paw Sanitary
District, Public Service Board

04/02/87
PAPA1-R



CONTRACT
FOR TREATMENT BY THE CITY OF FAIRMONT
OF SEWAGE FROM
GREATER PAW PAW SANITARY DISTRICT

THIS CONTRACT made as of the 2nd day of Sept., 1986, by and between the CITY OF FAIRMONT, a municipal corporation, hereinafter designated as CITY, the SANITARY SEWER BOARD OF THE CITY OF FAIRMONT, hereinafter designated as BOARD, and GREATER PAW PAW SANITARY DISTRICT, a political subdivision of Marion County, State of West Virginia, hereinafter designated as DISTRICT.

WITNESSETH THAT:

WHEREAS, the State of West Virginia has ordered and directed the CITY to install secondary treatment facilities and necessary interceptors and pumping facilities in connection therewith; and

WHEREAS, the CITY, acting through the BOARD, has upgraded its facilities so as to provide secondary treatment to meet State and Federal requirements of eligibility for construction grant aid as set forth in PL 92-500, Title 40, Chapter 1, Subchapter B, Part 35, State and Local Assistance, and amendments thereto; and

WHEREAS, the DISTRICT is presently in the process of planning a sewer system to abate the discharge of sewage into streams in the DISTRICT and its area of service and,

WHEREAS, the DISTRICT desires to connect to the sewer system of the CITY at mutually agreed upon locations along Monongahela River, and to have its sewage treated by the CITY in accordance with applicable water quality standards; and

WHEREAS, it is the intent of the parties hereto, that the CITY shall accept sewerage from the DISTRICT and transport it to the CITY'S treatment plant for treatment in accordance with the standards established in the CITY'S NPDES permit and in such a manner that the DISTRICT will be held harmless in any second party action relating to effluent quality, and

WHEREAS, it is the intent and purpose of the parties hereto to comply with all regulations to abate pollution in their respective areas and to cooperate with each other, and with the State and Federal Authorities to reduce and prevent pollution of the streams and waterways, thereby protecting the health of the Inhabitants and serving the public health and welfare of all;

NOW THEREFORE, in consideration of these recitals, the parties hereto agree to proceed in cooperation with each other, and to use their best efforts to plan, finance, construct and operate sewage facilities which will accomplish the aforesaid objectives according to the following terms, conditions and considerations:

1. All acts required of the CITY by reason of this CONTRACT shall be performed for and on behalf of the CITY by the BOARD which shall have sole authority over the construction and operation of the CITY'S sewage facilities. The BOARD shall perform all acts and make all such rules and regulations as may be necessary from time to time for the proper and efficient operation of the sewage facilities for the benefit of the CITY, the DISTRICT and other users.

2. The DISTRICT intends to plan and cause to be constructed at its sole cost, and interceptor and collector sewer system meeting generally accepted sanitary sewage (without infiltration and inflow of surface drainage that exceeds 1,500 gallons per inch diameter mile) to the CITY'S sanitary sewer system, all in accordance with current and future guide lines as promulgated by Federal and State Authorities. It is the present intention of the parties that the DISTRICT will be responsible for the maintenance and operation of its sewer system and that the DISTRICT will establish user charges sufficient at all times to pay when due, proper charges for service rendered by the CITY to the DISTRICT.

3. The BOARD intends to receive, treat and dispose of the sanitary sewage delivered to it by the DISTRICT at points to be mutually agreed upon, which sewage is to be metered at the sole cost of the DISTRICT in a manner and with equipment satisfactory to the BOARD. Said meter will be tested and calibrated on an annual basis.

4. The charges made to the DISTRICT by the BOARD for providing the services contemplated hereunder shall be, in the first instance established by the BOARD in accordance with fair cost accounting and allocation principles, with the objective that the BOARD will recover from the DISTRICT its costs, both capital (including required bond service coverages) and operating, incurred in making service available and providing service to the DISTRICT, without requiring other users of the CITY sewer system to subsidize capital or operating costs incurred by the BOARD for the purpose of serving the DISTRICT. Initially, rates charged by the BOARD to the DISTRICT will be established and subsequently amended from time to time as necessary pursuant to the provisions of Chapter 16, Article 13 and Chapter 24, Article 2 of the West Virginia Code, as amended. All such rates, when established in accordance with procedures promulgated by the Legislature of the State of West Virginia, and of any regulating or other agency or authority having jurisdiction in such matters, shall automatically, upon proper adoption and notice to the DISTRICT, become an amendment to this CONTRACT without further action by the parties hereto.

In determining said charges, the following provisions shall apply:

a. The DISTRICT will pay a proportionate share of the capital costs (including bond service coverages) for the treatment plant. The DISTRICT shall pay capital costs based on design flows as a percentage of plant capacity.

b. The reserved capacity and percentage for capital cost sharing between all parties using the plant shall be done as follows:

<u>Parties</u>	<u>Reserved</u>	<u>Actual Percentage</u>	<u>Cost Sharing Percentage</u>
Fairmont	4.43	73.84	79.5
Barrackville	0.24	4.00	3.1
Kingmill Valley	0.57	9.50	7.5
Whitehall P.S.D.	0.26	4.33	3.4
Paw Paw S.D.	0.50	8.33	6.5
	<u>6.00</u>	<u>100.00%</u>	<u>100.00%</u>

c. The proportionate share paid by the DISTRICT for operation and maintenance costs will be based on actual sewage flows. The DISTRICT'S flow will be metered and compared to the total flow treated at the BOARD'S treatment plant. Said operating costs are defined as the cost of all labor, power, chemicals, vehicle expenses, maintenance, repair, replacement, improvement and administrative expenses.

d. The BOARD will bill the DISTRICT on a monthly basis for these services. The amount of this bill will initially be based on projected flows until actual flow data is available.

e. The total annual cost paid by the DISTRICT to the BOARD will be adjusted at the end of the first year to account for actual vs. projected flows and actual vs. projected costs.

f. The BOARD will provide the DISTRICT with financial reports verifying the costs of operation and maintenance items and the flows treated at the plant.

g. The account number used in calculating Barrackville's share of treatment expense shall be:

- 228 - Taxed Accrued
- 741 - Operation, Supervision & Engineering
- 742 - Operation Labor
- 743-1 - Supplies & Expenses
- 743-2 - Chemical Treatment Expenses
- 744 - Maintenance Supervision & Engineering
- 745 - Maintenance of Structures & Improvement
- 746 - Maintenance of Treatment & Disposal System Equipment
- 795 - Special Services
- 797 - Regulatory Commission Expenses
- 798 - Insurance
- 799 - Injuries & Damages
- 800-1 - Employee's Welfare Expenses
- 800-2 - Pensions

h. Any adjusted amount due or receivable upon completion of the annual review of expenses shall be prorated over three months.

i. The CITY and the BOARD will, after service to the DISTRICT is in effect, provide the DISTRICT, at least annually, with:

(I) A copy of the BOARD'S annual report filed with the Public Service Commission of West Virginia.

(II) A copy of audited financial statements as the CITY provides for holders of revenue bonds issued by the CITY, payable from revenues of its sewer system.

(III) A copy of all reports of audit of the BOARD'S records prepared by the BOARD'S auditors or by State or Federal Auditors.

The cost of preparing these documents will be allocated to the DISTRICT and to other users of the CITY'S sewer system in accordance with sound public utility accounting principles. Upon the request of the DISTRICT, the BOARD will cause to be made usch other and additional financial information as the DISTRICT may reasonably request, but at the sole cost of the DISTRICT.

5. Each of the parties intend to proceed to cause plans and specifications to be developed for its respective facilities, in cooperation with each other; to seek appropriate regulatory approvals; to seek such federal or other grants and aid as may be available; to plan for the financing of capital costs which are not met by grants in aid; and, at the appropriate time, to seek a Certificate of Vonvenience and Necessity from the Public Service Commission of West Virginia and such approval of rates as may be necessary to finance these projects and to provide monies for the operating and maintenance costs which will be associated therewith so as to provide service as follows:

(I) By the DISTRICT to its customers.

(II) By the BOARD to its customers, including the DISTRICT.

6. It is recognized by the parties hereto that the BOARD will be operating the BOARD'S major pumping and treatment facilities for its own benefit and for the benefit of the DISTRICT and other users of the BOARD'S facilities, and, therefore, the parties hereto further agree that the following rights and duties shall be imposed upon the BOARD and the DISTRICT to insure the harmonious coordination of the two projects and to provide the BOARD with the necessary means by which it can verify the proper construction of all facilities contributing sewerage to its treatment plant, regulate the quality of sewage being delivered to the BOARD for treatment, prohibit the introduction of unacceptable wastes into its system, and to require the DISTRICT to immediately take such corrective action as may be necessary to bring it to compliance with the BOARD'S rules, regulations and quality standards:

(I) Riles-the BOARD shall from time to time promulgate rules and regulations regarding the quality of sewage. It will treat and the DISTRICT shall at all times comply with these regulations (including the Fairmont Sanitary Board's Pretreatment Program and City of Fairmont Ordinance 602); provided, however, that the BOARD shall adopt no quality standard that discriminates against the DISTRICT or which is more restrictive than is necessary for the proper operation of its plant within its limits of design.

(II) Inflow and Infiltration - the DISTRICT shall conduct a Sewer System Evaluation Survey (SSES) of its existing sewers, and, to the extent that such survey shows it to be cost effective to do so, all inflow from roof drains, surface drains, storm sewers, catch basins and other structures which may be a source of inflow into the DISTRICT'S system shall be excluded therefrom.

(III) Review of plans and specifications-the DISTRICT shall coordinate its design with the BOARD'S engineer. At the time it submits its plans to the reviewing agencies for review, the DISTRICT shall provide the BOARD with one set of its plans and specifications pertaining to the points of connection to the BOARD'S system including metering facilities for the BOARD'S review and comment, and shall conform to the BOARD'S design requirements pertaining to the construction and operation thereof.

(IV) Connection to the BOARD'S sewer system - the DISTRICT shall connect the DISTRICT'S system to the CITY'S system and provide suitable facilities for metering the flow of sewage from the DISTRICT into the CITY'S system at the DISTRICT'S expense.

(V) Inspection - The BOARD shall, from time to time as it deems necessary, and at the BOARD'S own proper expense, have the right to inspect the DISTRICT'S facilities for the purpose of determining that the DISTRICT'S facilities are being constructed and operated in such a way as to minimize infiltration, to eliminate illegal sources of inflow into the system, to insure that excessive infiltration does not become a future problem and that sources of inflow are not illegally connected at some future time. Upon being advised by the BOARD of the presence of excessive inflow or infiltration originating in the DISTRICT'S system, or of the presence of sewage in the DISTRICT'S system which is detrimental to the operation of the BOARD'S facilities. The DISTRICT shall immediately proceed to correct such deficiencies in the most expeditious manner available.

(V) (a) If additional sewage flow from any additional utilities is added to the BOARD's treatment facility, the Parties hereto agree to negotiate changes in the percentages shown in Table 4 (b) of this agreement, if said changes are necessary.

(VI) Review of operating rules and regulations- The DISTRICT shall submit its rules and regulations and operating procedures to the BOARD for review, and shall adopt no such rules, regulation or operating procedure, which, in the BOARD'S opinion, would affect the operation of the BOARD'S facilities to the detriment of the CITY, the DISTRICT, and the other users of the CITY'S facilities. The DISTRICT shall provide the BOARD with advance copies of any proposed change in its rules and regulations, and the BOARD shall provide the DISTRICT with copies of its rules, regulations and operating procedures for the DISTRICT'S guidance.

7. Approval of contract and tariff- The parties hereto agree that at the appropriate time the Public Service Commission will be asked to approve this CONTRACT and appropriate tariff provisions establishing reasonable rules and regulations for the rendering of the services herein contemplated by the BOARD to the DISTRICT, and of rates and fees to be charged by the BOARD for such services and to be charged by the DISTRICT to provide monies to pay for such services, it being agreed between the parties hereto that each shall take all legislative and relating thereto, and that all such action (including future rate orders) shall be deemed an amendment to this CONTRACT without further action by the parties hereto.

8. BOARD to act under contract-The CITY, the DISTRICT and the BOARD agree that the BOARD is empowered to act for and on behalf of the CITY in all matters relating to this CONTRACT. It is further agreed by all parties hereto that necessary amendments hereto will be promptly made at the appropriate times when Federal and State regulations make such amendments necessary.

9. Points of connection-The BOARD, as part of its construction contract shall construct the necessary gravity sewers, pump stations and force mains, to extend its interceptor system to any point at which the DISTRICT is to connect to the CITY'S system. The DISTRICT'S sewer shall be connected to the CITY'S sewer system at mutually agreed to points along the Monongahela, all at the DISTRICT'S expense and in accordance with the plans and specifications as approved by the BOARD.

10. The DISTRICT shall not accept sewage from, nor shall it extend or allow its facilities to be extended to, any area outside of its service area unless it first obtains the BOARD'S written authorization to do so, which authorization will be forthcoming only after the DISTRICT has first provided the BOARD with full written disclosure of the extent of all such proposed extensions of service and the maximum flow which will be generated thereby.

11. The DISTRICT and the BOARD each agree to compensate the other for their prorata share of the local share of the cost, including interest charges, of all betterments in the other's system required to permit the other to accept, transport and treat the other's sewage which sums shall be recovered as a part of the respective monthly charges to be made for sewage metered into each system.

12. DISTRICT may cancel- The DISTRICT, upon one (1) years advance written notice to the BOARD, may if it deems it to be to the DISTRICT'S benefit to do so, terminate and withdraw from this CONTRACT after it has fully compensated the CITY for the then undepreciated cost, as determined by Public Service Commission accounting methods, of all betterments constructed by the CITY for the DISTRICT'S benefit, but the DISTRICT shall not be entitled to recover any property, or to receive any credit for unused capacities in the BOARD'S system or for betterments which the DISTRICT made for the BOARD'S benefit, by reason of such action by the DISTRICT, nor shall it retain any rights to such betterments nor to a renewal of this CONTRACT.

13. Term of contract- Unless terminated as hereinbefore provided, this CONTRACT shall run for twenty (20) years and may be renewed thereafter in ten (10) year increments for an additional twenty (20) years at the DISTRICT'S option, which renewals shall be deemed automatic unless the DISTRICT notifies the BOARD of its desire not to renew, such notice to be given in writing at a regular meeting of the BOARD during the six (6) months preceeding the effective date of each ten (10) year renewal. In the event of notice not to renew, the DISTRICT shall compensate the BOARD for undepreciated betterments as specified in item 15 next above.

Thereafter, the CONTRACT may be extended by mutual agreement or renegotiated as may be dictated by the then existing needs of the parties hereto.

14. Plant effluent quality- It shall be the duty of the BOARD in the operation of its plant to treat all wastes in such a manner as to produce a plant effluent which is in conformance with the effluent discharge requirement of its NPDES permit, and it is agreed between the parties hereto that the DISTRICT will be held harmless by the CITY and the BOARD in any second party action related to effluent quality, it being understood and agreed between the parties hereto that the DISTRICT shall have no authority or control over the operation of the plant or the quality of the plant's effluent being discharged into the river.

15. DISTRICT ICR and user charge- The DISTRICT agrees that it will comply with all EPA policies pertaining to user charges and industrial cost recovery (ICR) charge, and that it will hold the CITY and the BOARD harmless for any damages which may be proved to have been caused by reason of the DISTRICT'S noncompliance with such policies.

16. Resolution of Controversy- All matters of controversy which may arise concerning compliance of the parties hereto with the provisions of this CONTRACT shall be resolved as follows:

(1) In the event of controversy arising by reason of an illegal discharge, or other illegal act by the DISTRICT, which may place the BOARD'S facilities or treatment process in jeopardy to the extent that substantial damages will result to the BOARD'S facilities, or that the BOARD will not be able to render treatment to the degree required by its discharge permit, the BOARD shall first notify the DISTRICT orally followed immediately by notice in writing hand delivered to the DISTRICT of the nature of the problem and of its potential impact on the BOARD'S operation, and requesting an immediate response as to what remedial action will be taken. Thereafter the BOARD may:

(a) If time permits, obtain a court order requiring the DISTRICT to immediately discontinue such illegal discharge or other act, or

(b) If the BOARD deems that time is of the essence in preventing extensive damage to its facilities or the disruption of its treatment process, the BOARD may then, after first notifying the DISTRICT by person and in writing, of its intentions and the reason therefor, stop the flow of sewage from the

DISTRICT into the BOARD'S system, it being further agreed that

(c) The DISTRICT shall pay all of the cost of correction of any damage which the BOARD can show to have been the result of such illegal flow or other illegal act by the DISTRICT.

(II) In the event of a controversy pertaining to rates and charges, such matters shall be resolved in accordance with the rules of the U.S. Environmental Protection Agency and of the West Virginia Public Service Commission as they may pertain thereto.

17. The CITY agrees, that at the DISTRICT'S request, it will attend to the operation, maintenance, meter readings, billing and collections for the DISTRICT, under a management contract, lease or other arrangement, with the cost of said services to be paid by the DISTRICT to the CITY, any such management contract, lease or other arrangements being deemed an amendment hereto.

IN WITNESS WHEREOF, the CITY of Fairmont has caused this CONTRACT to be signed on its behalf by Edwin C. Daley, City Manager, and its corporate seal to be affixed thereto by Bettie M. Hogan, its City Clerk, by authority of a resolution of the City Council of the City of Fairmont duly adopted on the 16th day of September 1986, and

IN WITNESS WHEREOF, the Sanitary Sewer Board of the City of Fairmont has caused this CONTRACT to be signed on its behalf by Edwin C. Daley, its Chairman and its seal to be affixed thereto by Frances C. Schapperle, its Secretary, by authority of a resolution of the Sanitary Sewer Board adopted on the 2nd day of September, 1986, and

IN WITNESS WHEREOF, the Greater Paw Paw Sanitary District has caused this CONTRACT to be signed by Richard D. Valentine, its Chairman, and its corporate seal to be affixed thereto by Robert D. Cunningham, its Secretary, by authority of a resolution of the DISTRICT BOARD duly adopted on the 17th day of September, 1986.

This CONTRACT is executed in three (3) copies with one (1) copy to each party hereto, each copy of which shall be deemed on original for all purposes.

THE CITY OF FAIRMONT
a Municipal Corporation

By: Edwin C. Daley
Edwin C. Daley, City Manager

SEAL

ATTEST:

Bettie M. Hogan
Bettie M. Hogan, City Clerk

SANITARY SEWER BOARD OF THE CITY OF FAIRMONT

By: Edwin C. Daley
Edwin C. Daley, Chairman

SEAL

ATTEST:

Frances C. Schapperle
Frances C. Schapperle

SEAL

By: Richard D. Valentine
Richard D. Valentine

ATTEST:

Robert D. Cunningham
Robert D. Cunningham

Approved as to correctness of form and content for the City of Fairmont this the 29th day of Sept., 1986.

George R. Higinbotham
George R. Higinbotham, City Attorney

Approved as to correctness of form and content for the Sanitary Sewer Board of the City of Fairmont this the 29th day of September, 1986.

James O. Watkins, Jr.
James O. Watkins, Jr.

Approved as to correctness of form and content for the Greater Paw Paw Sanitary District this the 29th day of September, 1986.

Roderick A. Devison
Roderick A. Devison, Its Attorney

STATE OF WEST VIRGINIA

COUNTY OF MARION, TO-WIT:

I, a Notary Public in and for the State and County aforesaid, certify that Edwin C. Daley, Bettie M. Hogan, Frances C. Schapperle, Richard D. Valentine, Robert D. Cunningham, George R. Higinbotham, James O. Watkins, Jr. and Roderick A. Devison, whose names are signed to the CONTRACT FOR TREATMENT BY THE CITY OF FAIRMONT OF SEWAGE FROM GREATER PAW PAW SANITARY DISTRICT, Marion County, West Virginia, entered into by the City of Fairmont, the Sanitary Sewer Board of the City of Fairmont and Greater Paw Paw Sanitary District, and dated the 29th day of September, 1986, have acknowledged the same before me in my said County this the 29th day of September, 1986.

Thomas W. [Signature]
Notary Public

My Commission Expires:

11/20/92



[MANAGEMENT AGREEMENT WITH TOWN OF RIVESVILLE]



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

CHARLESTON

CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
MARTIN R. SMITH, JR.
W. RANDOLPH FIFE

OF COUNSEL
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI

April 29, 1987

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1987 A and Series 1987 B

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

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

Very truly yours,


Vincent A. Collins

VAC:aef
Enclosure

04/29/87
PAPA1-Z

**Information Return for Tax-Exempt
 Governmental Bond Issues**
 Under Section 149(e)
 (Use Form 8038-GC if issue price is under \$100,000.)

Part I Reporting Authority

1 Issuer's name GREATER PAW PAW SANITARY DISTRICT	Check box if Amended Return <input type="checkbox"/>
3 Number and street Post Office Box 45	2 Issuer's employer identification number applied for-see attached
5 City or town, state, and ZIP code Rivesville, West Virginia 26588	4 Report number G198 7 - 1
	6 Date of issue 4/7/87

Part II Type of Issue (check box(es) that applies)

7 Check box if bonds are tax or other revenue anticipation bonds <input type="checkbox"/>	Issue Price
8 Check box if bonds are in the form of a lease or installment sale <input type="checkbox"/>	
9 <input type="checkbox"/> Education	
10 <input type="checkbox"/> Health and hospital	
11 <input type="checkbox"/> Transportation	
12 <input type="checkbox"/> Public safety	
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	
14 <input type="checkbox"/> Housing	\$1,548,258
15 <input type="checkbox"/> Utilities	
16 <input type="checkbox"/> Other. Describe (see instructions) <input type="checkbox"/>	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10-1-26	8.38%	\$1,548,258	\$1,548,258			
18 Entire issue			\$1,548,258	\$1,548,258	40 years	8.38%	8.38%

Part IV Uses of Original Proceeds of Issue (including underwriters' discount) (Level Amortized Payments)

19 Proceeds used for accrued interest	19 -0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20 \$ 10,000
21 Proceeds used for credit enhancement	21 -0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22 136,141
23 Proceeds used to refund prior issues	23 351,322.37
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24 1,050,794.63

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded	-0- years
26 Enter the last date on which the refunded bonds will be called	4/7/87
27 Enter the date(s) the refunded bonds were issued	6/8/86

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply (1 year)

c Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii)

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units and enter the amount

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer West Virginia Water Devel. Authority and the date of the issue May 1, 1986

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Richard D. Valentine 4-5-87 Chairman, Public Service Board
 Signature of officer Date Title

Application for Employer Identification Number

(For use by employers and others. Please read the separate instructions before completing this form.)

OMB No. 1545-0003
 Expires 8-31-88

For Paperwork Reduction Act Notice, see separate instructions.

COPY

1 Name (True name. See instructions.) Greater Paw Paw Sanitation District			2 Social security no., if sole proprietor		3 Ending month of accounting year June	
4 Trade name of business if different from item 1			5 General partner's name, if partnership; principal officer's name, if corporation; or grantor's name, if trust Richard Valentine			
6 Address of principal place of business (Number and street) 1543 Fairmont Avenue			7 Mailing address, if different			
8 City, state, and ZIP code Fairmont, WV 26554			9 City, state, and ZIP code			
10 Type of organization <input checked="" type="checkbox"/> Governmental <input type="checkbox"/> Individual <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator <input type="checkbox"/> Nonprofit organization <input type="checkbox"/> Corporation <input type="checkbox"/> Other (specify)			11 County of principal business location Marion			
12 Reason for applying <input type="checkbox"/> Started new business <input type="checkbox"/> Purchased going business <input checked="" type="checkbox"/> Other (specify) Public Service Dist.			13 Acquisition or starting date (Mo., day, year). See instructions. 1-1-87			
14 Nature of principal activity (See instructions.) Sewer District			15 First date wages or annuities were paid or will be paid (Mo., day, year). 11-15-87			
16 Peak number of employees expected in the next 12 months (If none, enter "0")		Nonagricultural 2	Agricultural 0	Household 0	17 Does the applicant operate more than one place of business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
18 Most of the products or services are sold to whom? <input type="checkbox"/> Business establishments (wholesale) <input checked="" type="checkbox"/> General public (retail) <input type="checkbox"/> Other (specify) <input type="checkbox"/> N/A			19 If nature of business is manufacturing, state principal product and raw material used. N/A			
20 Has the applicant ever applied for an identification number for this or any other business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," enter name and trade name. Also enter approx. date, city, and state where the application was filed and previous number if known.						
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief it is true, correct, and complete.						Telephone number (include area code)
Signature and Title			Date			
Please leave blank	Geo.	Ind.	Class	Size	Reas. for appl.	Part II



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III

841 Chestnut Building
Philadelphia, Pennsylvania 19107

MAR 31 1987

Mr. Richard D. Valentine
Greater Paw Paw Sanitary District
P. O. Box 45
Rivesville, West Virginia 26588

Re: Greater Paw Paw Sanitary District
C-540218-02

Dear Mr. Valentine:

You are hereby advised that the bidding procedures for contracts Numbers A, B and C of project C-540218-02 have been reviewed and approved. The contracts may now be awarded to the low, responsive bidder, Alex E. Paris Contracting Co., as indicated by the proposal 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.

The Part B documents that you submitted to the West Virginia Department of Natural Resources have been reviewed by this office. The Environmental Protection Agency (EPA) Form 5780-1B has been approved with some revisions. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover.

The total eligible costs in the grant amendment are \$7,189,600 with an EPA grant amount of \$5,500,300.

I trust that this information will be helpful to the District. If you have any questions, please contact Mr. Brian Trulear, the project manager, at (215) 597-8399.

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
Vince Collins, Steptoe & Johnson
Attorneys at Law



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

OCT 05 1984

RECEIVED
OCT 9 1984

BERNARD G. SAMPSON
COMPANY, INC.

CERTIFIED MAIL

RE: C-540218-02
Greater Paw Paw
Sanitary District

Mr. Richard D. Valentine, Chairman
Greater Paw Paw Sanitary District
P.O. Box 45
Rivesville, West Virginia 26588

Dear Mr. Valentine:

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

The grant award is for an amount not to exceed \$5,154,180. This amount includes Basic funds of \$5,012,770, and Alternative funds of \$141,410, and is subject to the conditions set forth in Part III of the Assistance Agreement.

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

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

Sincerely yours,

Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Mr. Wesley King, COE
Mr. Robert L. Fox, B.G. Sampson Co., Inc. ✓

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

ASSISTANCE ID NO. 540218-02-0	2. LOG NUMBER Three - C
3. DATE OF AWARD SEP 28 1984	4. MAILING DATE OCT 05 1984

5. AGREEMENT TYPE		6. PAYMENT METHOD	
Cooperative Agreement		<input type="checkbox"/> Advance	<input checked="" type="checkbox"/> Reimbursement
Grant Agreement	X	Send Payment Request To:	
Assistance Amendment		Grants Management Section	7. TYPE OF ACTION Continuation

RECIPIENT ORGANIZATION	8. RECIPIENT Greater Paw Paw Sanitary District P.O. Box 45 Rivesville, West Virginia 26588	9. PAYEE Greater Paw Paw Sanitary District P.O. Box 45 Rivesville, West Virginia 26588
	9. EIN NO. N/A	10. RECIPIENT TYPE Special Purpose District

11. PROJECT MANAGER AND TELEPHONE NO. Richard D. Valentine Chairman - (304) 278-5301	12. CONSULTANT (WWT Construction Grants Only) Bernard G. Sampson Company, Incorporated P.O. Box 368, 220 Virginia Avenue Fairmont, West Virginia 26554 (304) 366-4450
--	--

13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief West Virginia Section (215) 597-9131
--	---

15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins 202-382-5184	16. STATE APPL ID (Clearinghouse) WV 830123-028	17. FIELD OF SCIENCE N/A	18. PROJECT STEP (WWT CG Only) II/III
--	---	------------------------------------	---

19. STATUTORY AUTHORITY Clean Water Act, Title II	20. REGULATORY AUTHORITY 40 CFR, Parts 30 & 35	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)	
		a. Treatment Level	I
		b. Project Type	NEW
		c. Treatment Process	N/A
		d. Sludge Design	N/A

22. PROJECT TITLE AND DESCRIPTION
The project consists of the design and construction of two wastewater collection systems and a package treatment plant. The eligible project includes associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Area Impacted by Project)			
City/Town Greater Paw Paw	County Marion	State WV	Congressional District 2nd
24. ASSISTANCE PROGRAM (CFDA Program No. & Title) 66.418	25. PROJECT PERIOD 09/84 - 06/88	26. BUDGET PERIOD N/A	
27. COMMUNITY POPULATION (WWT CG Only) 5,190	28. TOTAL BUDGET PERIOD COST N/A	29. TOTAL PROJECT PERIOD COST \$6,683,700	

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action		5,154,180	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		6,683,700	

39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deblig. Amount
	GKAW80	83C	68X0103.F	W83021	MGKA036006	41.11	\$2,430,021
	GHRW80	77R	68X0103.8	WTN001	MG7D036006	41.11	\$ 994,697
	GHPW80	79R	68X0103.B	W79002	MGHP036006	41.11	\$1,588,052
	GLDW80	84	68X0103.G	WA8404	4GLD036006	41.11	\$ 141,410

TABLE A SUBJECT CLASS CATEGORY (Non-construction)		TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL		
2. PRINCE BENEFITS		
3. TRAVEL		
4. EQUIPMENT		
5. SUPPLIES		
6. CONTRACTUAL		
7. CONSTRUCTION		
8. OTHER		
9. TOTAL DIRECT CHARGES		
10. INDIRECT COSTS: RATE % BASE		
11. TOTAL (Share: Recipient _____% Federal _____%)		
12. TOTAL APPROVED ASSISTANCE AMOUNT		\$ N/A

TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction)		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12. TOTAL (Share: Recipient _____% Federal _____%)		
13. TOTAL APPROVED ASSISTANCE AMOUNT		\$ N/A

TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction)		Basic (75%)	Alternativ (10%)
1. ADMINISTRATION EXPENSE		62,579	13,242
2. PRELIMINARY EXPENSE			
3. LAND STRUCTURES, RIGHT-OF-WAY			
4. ARCHITECTURAL ENGINEERING BASIC FEES		45,842	9,700
5. OTHER ARCHITECTURAL ENGINEERING FEES		86,804	18,368
6. PROJECT INSPECTION FEES		216,018	45,709
7. LAND DEVELOPMENT			
8. RELOCATION EXPENSES			
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES			
10. DEMOLITION AND REMOVAL			
11. CONSTRUCTION AND PROJECT IMPROVEMENT		5,423,700	1,147,500
12. EQUIPMENT		20,000	4,232
13. EXCESS Design Allowance		286,436	60,610
14. TOTAL (Lines 1 thru 13)			
15. ESTIMATED INCOME (If applicable)			
16. NET PROJECT AMOUNT (Line 14 minus 15)			
17. LESS: INELIGIBLE EXCLUSIONS		542,321	114,739
18. ADD: CONTINGENCIES			
19. TOTAL (Share: Recipient, 22.9% Federal 77.1 %)		6,683,700	1,414,100
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$5,154,180	\$5,012,770	141,410

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 CFP 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 No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	03/85	110,444	110,444
2	03/86	110,444	220,888
3	04/86	312,777	533,665
4	05/86	312,777	846,442
5	06/86	312,777	1,159,219
6	07/86	312,777	1,471,996
7	08/86	312,777	1,784,773
8	09/86	312,777	2,097,550
9	10/86	312,777	2,410,327
10	11/86	312,777	2,723,104
11	12/86	312,777	3,035,881
12	01/87	312,777	3,348,658
13	02/87	312,777	3,661,435
14	03/87	312,777	3,974,212
15	04/87	312,777	4,286,989
16	05/87	312,777	4,599,766
17	06/87	542,370	5,142,136
18	07/87	1,004	5,143,140
19	08/87	1,004	5,144,144
20	09/87	1,004	5,145,148
21	10/87	1,004	5,146,152
22	11/87	1,004	5,147,156
23	12/87	1,004	5,148,160
24	01/88	1,004	5,149,164
25	02/88	1,004	5,150,168
26	03/88	1,003	5,151,171

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
27	04/88	1,003	5,152,174
28	05/88	1,003	5,153,177
29	06/88	1,003	5,154,180

(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 06/87. 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) 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 Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

(7) 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)).

(8) 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).

(9) 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.

(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.

(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) An executed intermunicipal service agreement (40 CFR 35.2107)
- (c) A user charge system (40 CFR 35.2140); Sewer Use Ordinance (40 CFR 35.2130); and
- (d) Final design drawings and specifications (refer to 40 CFR 35.2040 (b)(5)).

(12) MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, Attn: EEO Specialist, EPA Region III, a completed EPA Form 6005-1 within 30 days after the date the recipient begins building the project (see 40 CFR 35.2202). This 6005-1 will contain the information on subagreement awards to minority and women's businesses used during the design phase of the project.

The recipient further agrees to submit to the Chief, Construction Grants Branch, Attn: EEO Specialist, EPA-Region III, a completed Form 6005-1 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements to a minority or women's business for building and building-related services and supplies.

D. SPECIAL CONDITIONS (Continued)

(13) Property Accountability

The grantee is required to maintain property accountability on all such equipment in accordance with Circular A-102 and the requirements of 40 CFR 30.810. (Property Control)

(14) Sewer System Evaluation

The Sewer System Evaluation Report must be submitted and approved prior to advertisement for bids. All recommendations must be implemented by the 50% construction level. The schedule for actual rehabilitation work can be adjusted based upon an exchange of letters between the grantee and the DNR project engineer.

(15) Cultural Resources Study

A reconnaissance survey, completed in a form acceptable to the West Virginia Department of Culture and History, should be conducted prior to the completion of the design phase of the project.

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/~~assistance~~ to the Greater Paw Paw Sanitary District for 77.1 % of all approved costs incurred up to and not exceeding \$ 5,154,180 for the support of approved budget period effort described in application (including all application modifications) C-540218-02 Greater Paw Paw Sanitary District included herein by reference.

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 (3WMOO) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

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

SIGNATURE OF AWARD OFFICIAL <i>Thomas P. Eichler</i>	TYPED NAME AND TITLE Thomas P. Eichler Regional Administrator	DATE SEP 28 1984
---	---	----------------------------

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 1, 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 <i>Richard D. Valentine</i>	TYPED NAME AND TITLE Richard D. Valentine, Chairman	DATE October 17, 1984
--	--	---------------------------------

DEC 19 1986

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS):

COUNTY: Marion

Greater Paw Paw Sanitary District
P. O. Box 45
Rivesville, WV 26588

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

Mr. Richard B. Valentine, Chairman
Greater Paw Paw Sanitary District
P. O. Box 45
Rivesville, WV 26588

3. GRANT PAYEE (NAME AND ADDRESS):

Greater Paw Paw Sanitary District
P. O. Box 45
Rivesville, WV 26588

4. APPROVED AMOUNT OF GRANT: \$ 502,445.00

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 two wastewater collection systems and a package treatment plant.

7. TOTAL COSTS

\$ 7,124,128.00

ELIGIBLE COSTS

\$ 7,124,128.00

FEDERAL (EPA) GRANT AMOUNT

\$ 4,975,094.00

STATE (WDA) HARDSHIP GRANT AMOUNT

\$ 502,445.00

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO Greater Paw Paw Sanitary District, SUCH GRANT NOT TO EXCEED \$ 502,445.00 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: Greater Paw Paw Sanitary District 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-540213-02 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Greater Paw Paw Sanitary District OFFERED ON September 26, 1984 AND ACCEPTED ON October 17, 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: December 12, 1986

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 12th DAY OF December,
1986.

NOTARY: *Barbara Butcher Meadows*

COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT
ORGANIZATION REPRESENTATIVE: Mr. Richard D. Valentine, Chairman
TITLE: Greater Paw Paw Sanitary District
SIGNATURE: *Richard D. Valentine*
DATE: Dec 16, 1986

STATE OF WEST VIRGINIA, COUNTY OF Marion.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 16 DAY OF December,
1986.

NOTARY: *Thomas R. Stewich*

COMMISSION EXPIRES: 1/10/92

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.

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

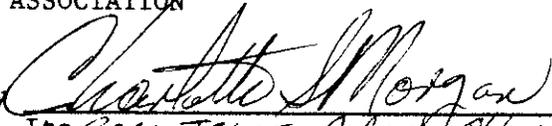
ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1987 A and Series 1987 B, all dated April 7, 1987, in the aggregate principal amount of \$1,928,011 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 7th day of April, 1987.

KANAWHA VALLEY BANK, NATIONAL
ASSOCIATION

By


Its Corp Trust Admin Office

04/02/87
PAPA1-S



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

CITY NATIONAL BANK OF FAIRMONT, a national banking association, with principal office in Fairmont, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of Greater Paw Paw Sanitary District, adopted March 31, 1987, authorizing issuance of the District's Sewer Revenue Bonds, Series 1987 A and Series 1987 B, both dated April 7, 1987, in the aggregate principal amount of \$1,928,011 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 7th day of April, 1987.

CITY NATIONAL BANK OF FAIRMONT

By

Its

Robert P. Reynolds
Vice-President and Trust Officer

04/02/87
PAPA1-T



GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN Corporate Trust Administrative Officer of Kanawha Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$1,928,011 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of Greater Paw Paw Sanitary District (the "Issuer"), hereby certify that on the 7th day of April, 1987, the single fully registered Series 1987 A Bond of the Issuer in the principal amount of \$1,548,258 designated "Sewer Revenue Bond, Series 1987 A," numbered AR-1, and the single fully registered Series 1987 B Bond of the Issuer in the principal amount of \$379,753 designated "Sewer Revenue Bond, Series 1987 B," numbered BR-1, were registered as to principal and interest (the Series 1987 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 7th day of April, 1987.

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By

Charlotte S. Morgan
Its Corp Trust Admin Officer

04/02/87
PAPA1-U

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of April, 1987, by and between GREATER PAW PAW SANITARY DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,928,011 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Resolution adopted March 31, 1987, and a Supplemental Resolution adopted March 31, 1987 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or

by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Greater Paw Paw Sanitary District
 Post Office Box 45
 Rivesville, West Virginia 26588
 Attention: Chairman

REGISTRAR: Kanawha Valley Bank, National Association
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY DISTRICT and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

GREATER PAW PAW SANITARY DISTRICT

By Richard D. Valentine
Chairman, Public Service Board

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte Morgan
Its Corp Trust Admin Office

04/02/87
PAPA1-V

EXHIBIT A

[Included in transcript as Document No. 1]

INVOICE



ONE FINANCIAL PLACE
Kanawha Valley Bank, N.A.

GREATER PAW PAW SANITARY DISTRICT
ATTENTION: CHAIRMAN

DATE: APRIL 7, 1987

UNITS	ITEM DESCRIPTION	TOTAL
	<p>\$1,548,258 SERIES A REVENUE BONDS & \$379,753 SERIES B REVENUE BOND DATED 4/7/87</p> <p>SERVICES AS REGISTRAR AND AUTHENTICATING AGENT: ONE TIME FEE</p>	<p>\$500.00</p>

SEND REMITTANCE TO:

KANAWHA VALLEY BANK, N.A.
CORPORATE TRUST DEPARTMENT
P.O. BOX 1793
CHARLESTON, W.VA. 25326-1793

ATT: CHARLOTTE S.
MORGAN



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

ARCH A. MOORE, JR.
Governor

RONALD R. POTESTA
Director
ROBERT K. PARSONS
Deputy Director

March 27, 1987

Mr. Richard Valentine, Chairman
Greater Paw Paw Sanitary District
Post Office Box 391
Rivesville, West Virginia 26588

Re: Permit Application No. Wv0084310

Dear Mr. Valentine:

This letter is to inform you of the status of the above referenced permit application. The application has been processed and found to be acceptable. A draft permit has been prepared and a public notice published in The Times - West Virginian on March 24, 1987. The final permit will be issued following the 30 day public notice period (starting March 24, 1987) provided there are no adverse comments received during this period and when the certificate of public notice is submitted. If everything is in order at that time, you could expect the final permit to be issued around May 8, 1987.

If we can be of any further assistance, please contact me at (304) 348-4086.

Sincerely,

MUNICIPAL WASTE SECTION

O. Robert Coontz

O. Robert Coontz, P.E.
Engineer
Permits Branch

ORC:psh

cc: Mr. Gary Pratt
Bernard G. Sampson Company

RECEIVED

APR 01 1987

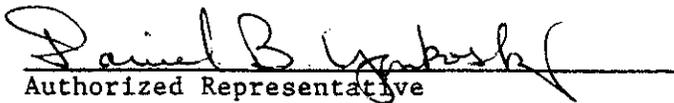
BERNARD G. SAMPSON CO.

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1987 A, of Greater Paw Paw Sanitary District in the principal amount of \$1,548,258, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: April 7, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

04/02/87
PAPAI-W