GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

Date of Closing: April 22, 1992

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GREATER PAW PAW SANITARY DISTRICT

SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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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. Valentine
Chairman, Public Service Board

Member, Public Service Board

Robert D. Bunning Jr.
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]

Robert D. Cunningham
Secretary, Public Service Board

04/02/87
PAPA2-A

"EXHIBIT A"

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

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

GREATER PAW PAW SANITARY DISTRICT

SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B

SUPPLEMENTAL AND AMENDATORY BOND RESOLUTION

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GREATER PAW PAW SANITARY DISTRICT

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GREATER PAW PAW SANITARY DISTRICT ADOPTED MARCH 31, 1987, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, DATED APRIL 7, 1987, IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,928,011 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $483,871 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, AND NOT MORE THAN $16,129 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE GOVERNING BODY OF GREATER PAW PAW SANITARY DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Supplemental and Amendatory Resolution. This Supplemental and Amendatory Resolution (together with the Prior Resolution, as hereinafter defined, and 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 has heretofore issued its Sewer Revenue Bonds, Series 1987 A and 1987 B, both dated April 7, 1987 in the aggregate principal amount of $1,928,011 (collectively, the "Prior Bonds"). The Prior Bonds were issued pursuant to a bond and notes resolution adopted by the Issuer on March 31, 1987 (the "Prior Resolution"). Proceeds of the Prior Bonds were used to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities (the "Project") (the Project and any further additions thereto or extensions thereof is herein called the "System"). However, such proceeds and available grant proceeds are deemed insufficient to complete the Project. Accordingly, it is necessary for the Issuer to borrow an additional amount to finance the remaining costs of the Project.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1992 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Resolution.

D. It is therefore deemed necessary for the Issuer to issue its completion bonds in the total aggregate principal amount of not more than $500,000 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than $483,871 and the Series 1992 B Bonds in the aggregate principal amount of not more than $16,129 (collectively, the "Series 1992 Bonds") to finance costs of construction and acquisition of the Project not otherwise provided for. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; reimbursement to the Issuer for payment of interest upon the Prior Bonds, during acquisition and construction and for 6 months after completion of construction of the Project not previously capitalized from proceeds of the Prior Bonds; 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 Series 1992 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of 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; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1992 Bonds or the repayment of indebtedness, including any letter of credit note 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 the Series 1992 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be 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. Except for the Prior Bonds, upon issuance of the Series 1992 Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1992 Bonds as to lien and source of and security for payment. The Series 1992 B Bonds shall be on a parity with the Series 1987 B Bonds, both of which series shall be junior and subordinate to both the Series 1987 A Bonds and the Series 1992 A Bonds; and the Series 1992 A Bonds shall be on a parity with the Series 1987 A Bonds, all as set forth herein.

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 Prior Bonds and the Series 1992 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or have been waived by the Public Service Commission of West Virginia.

I. The Prior Resolution, in Section 7.07(B) thereof, permits the issuance of the Series 1992 Bonds on parity with the Prior Bonds for the purpose of completion of the Project with no further restrictions if there is first obtained the written consent of the Authority, which written consent will be obtained prior to issuance of the Series 1992 Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1992 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1992 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. Unless expressly changed herein, all capitalized terms used in the Prior Resolution shall have the same meanings herein. In addition, the following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Series 1992 Bonds) that ends at the close of business on October 1, unless otherwise required under the Code.

"Bonds" means, collectively, the Prior Bonds, the Series 1992 Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Series 1992 Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

"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.

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Series 1992 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1992 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1992 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1992 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1992 Bonds.

"Prior Bonds" means, collectively, the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of the Issuer, both dated April 7, 1987 and issued in the original aggregate principal amount of $1,548,258 and $379,753, respectively.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use

as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

(a) Government Obligations;

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

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

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

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

always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Series 1992 A Bonds" or "Series A Bonds" means the not more than $483,871 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer.

"Series 1992 B Bonds" or "Series B Bonds" means the not more than $16,129 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 B, of the Issuer.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Supplemental and Amendatory Resolution, and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1992 Bonds; provided, that any matter intended by this Supplemental and Amendatory Resolution, to be included in the Supplemental Resolution with respect to the Series 1992 Bonds, and not so included may be included in another Supplemental Resolution.

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, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1992 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 2.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1992 A Bonds, funding a reserve account for each series of Series 1992 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 Series 1992 Bonds of the Issuer, in an aggregate principal amount of not more than $500,000. Said Series 1992 Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1992 A," in the aggregate principal amount of not more than $483,871, and "Sewer Revenue Bonds, Series 1992 B," in the aggregate principal amount of not more than $16,129 and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1992 Bonds remaining after funding of the Reserve Accounts (if funded from Series 1992 Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 of the Prior Resolution.

Provisions regarding the execution, authentication, registration, negotiability and transfer of the Series 1992 Bonds shall be as set forth in the Prior Resolution. Other terms of the Series 1992 Bonds, including their interest rate, maturities, date and other provisions applicable only to the Series 1992 Bonds and not the Prior Bonds, shall be as set forth in the Supplemental Resolution.

Section 2.02. Series 1992 Bonds not to be Indebtedness of the Issuer. The Series 1992 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 2.03. Series 1992 Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of all the Series 1992 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System on a parity with the Series 1987 A Bonds. The payment of the debt service of all the Series 1992 B Bonds shall also be secured

forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, on a parity with the Series 1987 B Bonds, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1992 A Bonds and 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, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.04. Form of Series 1992 Bonds. The text of the Series 1992 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 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 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 _____ DOLLARS ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion 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 not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on _____, 19____, and a Supplemental Resolution, duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,548,258 (THE "SERIES 1987 A BONDS") AND SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $379,753 (THE "SERIES 1987 B BONDS") AND THE SEWER REVENUE BONDS, SERIES 1992 B, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN 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, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor

shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1992 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, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, provided however, that so long as there exists in the Series 1992 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 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 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 Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted

a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, 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 _____, 1992.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[FORM OF SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 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 _____ DOLLARS ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

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

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and

Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on _____, 19____, and a Supplemental Resolution, duly adopted, by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $379,753 (THE "SERIES 1987 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 A, OF THE ISSUER (THE "SERIES 1992 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,548,258 (THE "SERIES 1987 A BONDS"), ALL AS DESCRIBED IN 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 and the Series 1992 A Bonds, and on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1992 B Bonds 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 Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 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, the Series 1987 B Bonds, the Series 1992 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds and the Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds and the Series 1992 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the 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 and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1992 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have

happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, 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 _____, 1992.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 2.05. Sale of Series 1992 Bonds; Ratification of Execution of Loan Agreement with Authority. The Series 1992 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 2.06. "Amended Schedule A" Filing; Tender of Series 1992 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1992 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Establishment of Funds and Accounts with Commission. In addition to the funds and accounts heretofore established by the Prior Resolution with respect to the Prior Bonds, the following special funds or accounts are hereby established with the Commission:

(1) Series 1992 A Bonds Sinking Fund;

(a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.

(2) Series 1992 B Bonds Sinking Fund;

(a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

Section 3.02. Payment of Debt Service on Series 1992 Bonds. In addition to the payments required by the Prior Resolution to be made with respect to the Prior Bonds, the Issuer shall pay into the sinking funds and reserve accounts established hereunder for the Series 1992 Bonds, the amounts prescribed by Article V of the Prior Resolution, adjusted to reflect the different principal amounts of the Series 1992 Bonds. Payment of principal of and interest on the Series 1992 A Bonds, and deposits into the Series 1992 A Bonds Reserve Account shall be made on parity with such payments and deposits required for the Series 1987 A Bonds. Payment of principal of and interest on the Series 1992 B Bonds and deposits into the Series 1992 B Bonds Reserve Account shall be made subsequent to such payments on account of the Series 1992 A Bonds and the Series 1987 A Bonds, and on parity with such payments on account of the Series 1987 B Bonds.

ARTICLE IV

APPLICATION OF SERIES 1992 BOND PROCEEDS

Section 4.01. Application of Series 1992 Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1992 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1992 A Bonds, there shall first be deposited with the Commission in the Series 1992 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest on the Series 1992 Bonds; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Reserve Account and from the proceeds of the Series 1992 B Bonds, there shall be deposited with the Commission in the Series 1992 B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts on account of the Series 1992 Bonds.

C. The remaining moneys derived from the sale of the Series 1992 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 of the Prior Resolution.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1992 A Bonds, and thereafter for the Series 1992 B Bonds.

ARTICLE V

ADDITIONAL COVENANTS OF THE ISSUER

Section 5.01. Covenants in Prior Resolution to Apply to Series 1992 Bonds. All the covenants, agreements and provisions of the Prior Resolution shall be applicable to the Series 1992 Bonds, and shall 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 Series 1992 Bonds. In addition to the other covenants, agreements and provisions of the Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1992 Bonds as hereinafter provided in this Article V. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 1992 Bonds or the interest thereon is Outstanding and unpaid.

Section 5.02. Series 1992 Bonds not to be Indebtedness of the Issuer. The Series 1992 Bonds shall not 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 Series 1992 Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Series 1992 Bonds or the interest thereon.

Section 5.03. Series 1992 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1992 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, on parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds. Payment of the debt service of the Series 1992 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 B Bonds and junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds and the Series 1992 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1992 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 Series 1992 Bonds as the same become due, and for the other purposes provided in this Bond Legislation.

Section 5.04. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1992 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1992 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1992 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1992 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1992 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1992 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1992 Bonds and the interest thereon, including

without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1992 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed by the Authority) which would adversely affect such exclusion.

Section 5.05. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1992 Bonds which would cause any of the Series 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1992 Bonds) so that the interest on the Series 1992 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 5.06. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1992 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1992 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the

Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 5.06. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.06 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

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

ARTICLE VI

DEFEASANCE

Section 6.01. Defeasance of Series 1992 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 1992 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 1992 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 1992 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Series 1992 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 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 1992 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 1992 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 6.02. Defeasance of Series 1992 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 1992 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 1992 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 1992 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Series 1992 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest on such Series 1992 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 1992 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 1992 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 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 next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE VII

MISCELLANEOUS

Section 7.01. 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 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income of the Holders thereof.

Section 7.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1992 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 7.03. 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 the Prior Resolution, this Resolution, the Supplemental Resolution or the Bonds.

Section 7.04. 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 7.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof (including the Prior Resolution) in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 7.06. 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 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 7.07. Effective Date. This Resolution shall take effect immediately upon adoption hereof.

Adopted this 15th day of April, 1992.

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Supplemental and Amendatory Resolution duly adopted by the Public Service Board of GREATER PAW PAW SANITARY DISTRICT on the 15th day of April, 1992.

Dated: April 22, 1992

[SEAL]

Lea DeMay
Secretary, Public Service Board

04/20/92
PAWJ.A4
69154/90001

"EXHIBIT A"

[Included as Document Nos. 4 and 5 of Bond Transcript]

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 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 1992 A AND SERIES 1992 B OF GREATER PAW PAW SANITARY DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Greater Paw Paw Sanitary District (the "Issuer"), has duly and officially adopted a supplemental and amendatory bond resolution, effective April 15, 1992 (the "Bond Resolution") entitled:

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GREATER PAW PAW SANITARY DISTRICT ADOPTED MARCH 31, 1987, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, DATED APRIL 7, 1987, IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,928,011 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $483,871 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, AND NOT MORE THAN $16,129 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED

OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO.

which Bond Resolution supplemented and amended a Bond and Notes Resolution adopted March 31, 1987 (the "Prior Resolution") for the purpose of providing for additional Bonds to finance completion of acquisition and construction of the Project, all as defined in the Bond Resolution;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $500,000 to be issued in two series, the Series 1992 A Bonds to be in an aggregate principal amount of not more than $483,871 (the "Series 1992 A Bonds") and the Series 1992 B Bonds to be in an aggregate principal amount of not more than $16,129 (the "Series 1992 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1992 A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1992 B Bonds, also to be dated the date of delivery of the Bonds (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF 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 1992 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $483,871. The Series 1992 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1992, 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 1992 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 1992 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $16,129. The Series 1992 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, 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 1992 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 authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby designate Community Bank and Trust, National Association, Fairmont, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1992 A Bond proceeds in the amount of $-0- shall be deposited in the Series 1992 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1992 A Bond proceeds in the amount of $39,659 shall be deposited in the Series 1992 A Bonds Reserve Account and Series 1992 B Bond proceeds in the amount of $414 shall be deposited in the Series 1992 B Bonds Reserve Account.

Section 9. The balance of proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds as set forth in the Bond Resolution.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 22, 1992, to the Authority pursuant to the Loan Agreement.

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

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

Adopted this 15th day of April, 1992.

GREATER PAW PAW SANITARY DISTRICT

Chairman

04/20/92
PAWJ.E4
69154/90001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

WDA-5
(July 1990)

LOAN AGREEMENT

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

Greater Paw Paw Sanitary District
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is

doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at

such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and

subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Greater Paw Paw Sanitary District
[Proper Name of Governmental Agency]

(SEAL)

By: _____
Its: Chairman

Attest:

Date: April 22, 1992

_____
Its Secretary/Treasurer

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

Date: April 22, 1992

_____
Secretary-Treasurer

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District

Closing 4/22/92
Interest Bearing Loan: $483,871.00

Date	Coupon	Principal	Interest	Debt Service
10/1/92	7.75%	0.00	16,562.50	16,562.50
10/1/93	7.75%	2,158.00	37,500.00	39,658.00
10/1/94	7.75%	2,325.00	37,332.76	39,657.76
10/1/95	7.75%	2,506.00	37,152.57	39,658.57
10/1/96	7.75%	2,700.00	36,958.36	39,658.36
10/1/97	7.75%	2,909.00	36,749.11	39,658.11
10/1/98	7.75%	3,135.00	36,523.66	39,658.66
10/1/99	7.75%	3,377.00	36,280.70	39,657.70
10/1/00	7.75%	3,639.00	36,018.98	39,657.98
10/1/01	7.75%	3,921.00	35,736.96	39,657.96
10/1/02	7.75%	4,225.00	35,433.08	39,658.08
10/1/03	7.75%	4,552.00	35,105.64	39,657.64
10/1/04	7.75%	4,905.00	34,752.86	39,657.86
10/1/05	7.75%	5,285.00	34,372.72	39,657.72
10/1/06	7.75%	5,695.00	33,963.14	39,658.14
10/1/07	7.75%	6,136.00	33,521.77	39,657.77
10/1/08	7.75%	6,612.00	33,046.23	39,658.23
10/1/09	7.75%	7,124.00	32,533.80	39,657.80
10/1/10	7.75%	7,676.00	31,981.69	39,657.69
10/1/11	7.75%	8,271.00	31,386.80	39,657.80
10/1/12	7.75%	8,912.00	30,745.80	39,657.80
10/1/13	7.75%	9,603.00	30,055.12	39,658.12
10/1/14	7.75%	10,347.00	29,310.89	39,657.89
10/1/15	7.75%	11,149.00	28,509.00	39,658.00
10/1/16	7.75%	12,013.00	27,644.95	39,657.95
10/1/17	7.75%	12,944.00	26,713.94	39,657.94
10/1/18	7.75%	13,947.00	25,710.78	39,657.78
10/1/19	7.75%	15,028.00	24,629.89	39,657.89
10/1/20	7.75%	16,193.00	23,465.22	39,658.22
10/1/21	7.75%	17,448.00	22,210.26	39,658.26
10/1/22	7.75%	18,800.00	20,858.04	39,658.04
10/1/23	7.75%	20,257.00	19,401.04	39,658.04
10/1/24	7.75%	21,827.00	17,831.12	39,658.12
10/1/25	7.75%	23,519.00	16,139.53	39,658.53
10/1/26	7.75%	25,341.00	14,316.81	39,657.81
10/1/27	7.75%	27,305.00	12,352.88	39,657.88
10/1/28	7.75%	29,421.00	10,236.74	39,657.74
10/1/29	7.75%	31,702.00	7,956.62	39,658.62
10/1/30	7.75%	34,158.00	5,499.71	39,657.71
10/1/31	7.75%	36,806.00	2,852.47	39,658.47
		483,871.00	1,079,354.14	1,563,225.14

Prepared 4/14/92

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $483,871.00

Purchase Price of Local Bonds $483,871.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 7.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

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, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division 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 Division of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

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

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

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

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

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

8. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

WDA-Supp. 5
(July 1990)

SUPPLEMENTAL LOAN AGREEMENT

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

Greater Paw Paw Sanitary District
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

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

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

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

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

1.8 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 Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and

all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

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

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division 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 Division 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.

prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

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

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

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

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

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including

the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of 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 or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

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

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

provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon;

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

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

(xvii) 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.

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

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.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

Greater Paw Paw Sanitary District
[Proper Name of Governmental Agency]

(SEAL)

By _____
Its Chairman

Attest:

Date: April 22, 1992

_____
Its Secretary/Treasurer

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By _____
Director

Attest:

Date: April 22, 1992

_____
Secretary-Treasurer

WDA-Supp. 5X
(July 1990)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 16,129.00
Purchase Price of Supplemental Bonds	$ 16,129.00

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

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

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

West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District

Closing 4/22/92
Interest Free Loan: $16,129.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	413.56	413.56
10/1/94	413.56	413.56
10/1/95	413.56	413.56
10/1/96	413.56	413.56
10/1/97	413.56	413.56
10/1/98	413.56	413.56
10/1/99	413.56	413.56
10/1/00	413.56	413.56
10/1/01	413.56	413.56
10/1/02	413.56	413.56
10/1/03	413.56	413.56
10/1/04	413.56	413.56
10/1/05	413.56	413.56
10/1/06	413.56	413.56
10/1/07	413.56	413.56
10/1/08	413.56	413.56
10/1/09	413.56	413.56
10/1/10	413.56	413.56
10/1/11	413.56	413.56
10/1/12	413.56	413.56
10/1/13	413.56	413.56
10/1/14	413.56	413.56
10/1/15	413.56	413.56
10/1/16	413.56	413.56
10/1/17	413.56	413.56
10/1/18	413.56	413.56
10/1/19	413.56	413.56
10/1/20	413.56	413.56
10/1/21	413.56	413.56
10/1/22	413.56	413.56
10/1/23	413.56	413.56
10/1/24	413.56	413.56
10/1/25	413.56	413.56
10/1/26	413.56	413.56
10/1/27	413.56	413.56
10/1/28	413.56	413.56
10/1/29	413.56	413.56
10/1/30	413.56	413.56
10/1/31	413.72	413.72
	16,129.00	16,129.00

Prepared 4/14/92

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, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

4739z

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
9-18-91

Entered: August 29, 1991

CASE NO. 91-391-PSD-PC

GREATER PAW PAW SANITARY DISTRICT
Petition for approval of financing.

RECOMMENDED DECISION

On June 5, 1991, Greater Paw Paw Sanitary District filed a Letter-Petition seeking Commission approval, as required by West Virginia Code §16-13A-25, of a proposed $500,000 loan to the District from the West Virginia Water Development Authority. The Letter-Petition also sought consolidation of this case with the District's previously-filed rate case, Case No. 91-323-PSD-19A.

By Commission Referral Order entered June 19, 1991, this case was referred to the Division of Administrative Law Judges for further proceedings and for decision on or before January 2, 1992.

On August 23, 1991, Staff Attorney Ronald E. Robertson, Jr., filed the Final Joint Staff Memorandum in this case and the companion rate case, Case No. 91-323-PSD-19A, forwarding for consideration the Final Internal Memorandum, dated July 29, 1991, and the Further Internal Memorandum, dated August 5, 1991, of Senior Utilities Analyst Geert Bakker of the Commission's Public Service District Division. It is Staff's position that the District's request to borrow $500,000 from the West Virginia Water Development Authority at an estimated interest rate of 8% for a term of forty (40) years should be approved.

The annual debt service, including principal and interest payment and a 10% reserve, will be $46,123. A rate increase will be required in order to properly fund the increased total debt service of the District and to that end, the District has filed an application under Section 8.1, Rule 19-A, of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle for such an increase. That case was filed on May 16, 1991, and has been designated by the Commission as Case No. 91-323-PSD-19A, previously mentioned. The Staff prepared Rule 19-A Exhibit outlining Staff's investigation, analysis and recommended rates include allowance for the increased debt service contemplated by the West Virginia Water Development Authority Loan.

The requested loan is required by the District in order to pay a ignificant debt still owed to at least two contractors for services and aterials used in previous construction by the District. There are also outstanding professional fees associated with the District's previous construction and continuing operational difficulties which should be

retired upon receipt of the loan proceeds as well. Staff recommended that any balance of loan proceeds should be deposited in the Bond Reserve Account.

Staff further recommended that the District should be required to submit a detailed final summary and comparison of the actual project costs and the project's total funding, similar to the exhibit presented in Case No. 86-026-S-CN as of December 8, 1988, with the changes from original and interim approved projections clearly indicated and explained. Such an accounting is necessary to clearly identify the sources of increased expense and to explain the District's continuing requirement for rate increases. Not only does the Public Service Commission's oversight function require such an accounting but the District's customers deserve nothing less.

For these reasons, it is reasonable and proper to approve the requested borrowing and authorize the expenditures discussed above. The Commission's Staff should monitor the receipt and disposition of the loan proceeds to assure compliance with this Order, satisfaction of the District's just debts, and the protection of the District's customers.

FINDINGS OF FACT

1. On June 5, 1991, Greater Paw Paw Sanitary District filed a Letter-Petition seeking Commission approval of a proposed $500,000 loan to the District from the West Virginia Water Development Authority. (See, Letter-Petition filed June 5, 1991).

2. The loan is required by the District in order to retire outstanding debts to at least two contractors and providers of professional service stemming from previously authorized and completed construction by the District. (See, District's Response to Staff's First Set of Interrogatories filed July 31, 1991).

3. By Final Joint Staff Memorandum filed August 23, 1991, Commission Staff recommends approval of the requested borrowing under the terms and conditions outlined in the Letter-Petition of June 5, 1991. (See, Final Joint Staff Memorandum filed August 23, 1991).

4. The additional debt service required by the loan proposed herein has been made a component of the District's currently pending application for a rate increase, Case No. 91-323-PSD-19A. (See, Final Joint Staff Memorandum filed August 23, 1991).

CONCLUSIONS OF LAW

1. West Virginia Code §16-13A-25 requires the prior consent and approval of the Public Service Commission for a Public Service District to borrow money. (See, West Virginia Code §16-13A-25).

2. The terms and conditions of the loan requested in this filing .e fair and reasonable and reflect current loan availability from public sources, the need for the loan is apparent and justified, and currently pending rate increases are sufficient to generate the income necessary to retire said Loan. (See, Discussion above).

3. It is reasonable, proper and in the public interest to approve the loan requested in this filing. (See, Discussion above).

ORDER

IT IS, THEREFORE, ORDERED that the requested loan from the West Virginia Water Development Authority to Greater Paw Paw Sanitary District under the terms and conditions outlined in the District's Letter-Petition and exhibits, filed June 5, 1991, be, and hereby is, approved for the purposes of West Virginia Code §16-13A-25, pending the approval of the pending rate increase sufficient to fund the expected additional debt service required by the loan.

IT IS FURTHER ORDERED that the District report to Commission Staff receipt of the loan proceeds, and specific disbursements thereof, and further, file within sixty (60) days of the disbursements of the loan proceeds, a detailed final accounting summary and comparison of the actual project costs and the project's total funding, with all changes from the original and interim approved projections clearly indicated and explained.

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

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

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

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

Thomas N. Trent

Thomas N. Trent
Administrative Law Judge

TNT:jas

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: September 18, 1991

CASE NO. 91-323-PSD-19A

GREATER PAW PAW SANITARY DISTRICT
Rule 19-A application to increase
sewer rates and charges.

PROCEDURAL ORDER

On May 16, 1991, Greater Paw Paw Sanitary District, a public service district providing sewer collection and transfer service in and around the Rivesville, Marion County area, filed an application, pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by motor Vehicle, requesting increased rates and charges.

By Commission Referral Order entered June 14, 1991, the Commission ordered submission of the Staff report on the financial condition of the Applicant to be filed on or before August 26, 1991, and referred the case to the Division of Administrative Law Judges for further proceedings and decision by January 10, 1992.

On August 23, 1991, Roy McMillion, Utility Financial Analyst, Utilities Division, Water and Sewer Section, filed the Staff report contemplated by Rule 19-A. Mr. McMillion stated that the examination of Greater Paw Paw's books and records was for the test year ending June 30, 1990. The District provides sewer service to approximately 1,500 customers in the Communities of Fairview, Grant Town, Baxter, Rivesville, and adjacent areas of Marion County, West Virginia. Staff recommends that the District be granted a revenue increase of approximately $59,849 annually with a resulting rate increase for metered usage of $0.81 per thousand gallons.

By Order Requiring Publication entered August 29, 1991, the District was required to provide public notice of Staff's recommended rates by causing publication of same on the Commission's Tariff Form No. 10. This form provides for the proper procedure for public protest to said recommended rates. Accordingly, on September 17, 1991, the District filed an affidavit of publication averring proper publication of the Tariff Form No. 10 on September 5, 1991 and September 12, 1991, in the Times-West Virginian, a newspaper published and of general circulation in Marion County. The Commission has also received substantial public protest through individual letters and group petitions to the recommended rate increase.

Consequently, due to the clear and substantial protest of the customers of the District and the Commission's policy in regard to Rule 19-A

rate filings, a hearing shall be conducted in this matter at which the various parties may present such evidence and make such arguments as is appropriate.

ORDER

IT IS, THEREFORE, ORDERED that a public hearing shall be held concerning the proposed rate increase of the Greater Paw Paw Sanitary District. Said hearing shall convene at 1:30 p.m. Thursday, October 3, 1991, in the Community Building, Baxter, Marion County, West Virginia, at which time all parties and interested customers shall appear and represent their interests as shall be deemed appropriate.

IT IS FURTHER ORDERED that the District shall cause to be published a notice of hearing, hereto attached, at least one time prior to said hearing in a newspaper published and of general circulation in its service area, and to post said notice in the public view at its main office and all places where direct customer payments are normally received. The District shall make due return of said publication to the Commission as soon as is practical.

IT IS FURTHER ORDERED that all parties of record be, and they hereby are, provided notice that Rule 12(c) of the Commission's Rules of Practice and Procedure (General Order No. 182.2, entered August 3, 1983), requires that, in all proceedings before the Commission, corporations must be represented by an attorney. Out-of-state attorneys may only practice before the Commission if associated with a West Virginia attorney in good standing with the West Virginia State Bar. However, individuals or partners in a partnership shall be permitted to represent their individual interests before the Commission without counsel, if they so desire.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall serve a copy of this order upon all parties to this proceeding by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.

Thomas N. Trent

Thomas N. Trent
Administrative Law Judge

TNT:mal

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 91-323-PSD-19A

GREATER PAW PAW SANITARY DISTRICT
Rules 19-A application to increase
sewer rates and charges.

NOTICE OF HEARING

On May 16, 1991, Greater Paw Paw Sanitary District, a public service district providing sewer collection and transfer service in and around the Rivesville, Marion County area, filed an application, pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle, requesting increased rates and charges. The present and Staff-recommended rates are as follows:

Applicable within territory served.

Available for general residential, commercial and industrial service.

Metered Rate

Present	Staff-Recommended Rate
$4.92 per 1,000 gallons used per month	$5.73 per 1,000 gallons used per month

Minimum Charge

$9.84 per month	$11.46 per month

Unmetered Rate

$22.14 per month	$25.78 per month

A hearing for the purpose of receiving public comment, support or protest and for receiving such evidence and argument concerning said rates as is appropriate, will be convened at 1:30 p.m., on Thursday, October 3, 1991, in the Community Building, Town of Baxter, Marion County, West Virginia. Any person affected by this proposed and recommended rate increase may appear at said hearing and make such statements and present such evidence and argument as is allowed under and consistent with the Commission's Rules of Practice and Procedure.

GREATER PAW PAW SANITARY DISTRICT

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

RECEIVED
JN 10 92
WATER DEVELOPMENT
AUTHORITY

Entered: January 10, 1992

CASE NO. 91-323-PSD-19A

GREATER PAW PAW SANITARY DISTRICT
Rule 19-A application to increase
sewer rates and charges.

RECOMMENDED DECISION

On May 16, 1991, Greater Paw Paw Sanitary District, a public service district providing sewer collection and transfer service in and around the Rivesville, Marion County area, filed an application, pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by motor Vehicle, requesting increased rates and charges.

By Commission Referral Order entered June 14, 1991, the Commission ordered submission of the Staff report on the financial condition of the Applicant to be filed on or before August 26, 1991, and referred the case to the Division of Administrative Law Judges for further proceedings and decision by January 10, 1992.

On August 23, 1991, Roy McMillion, Utility Financial Analyst, Utilities Division, Water and Sewer Section, filed the Staff report contemplated by Rule 19-A. Mr. McMillion stated that the examination of Greater Paw Paw's books and records was for the test year ending June 30, 1990. The District provides sewer service to approximately 1,500 customers in the Communities of Fairview, Grant Town, Baxter, Rivesville, and adjacent areas of Marion County, West Virginia. Staff recommended that the District be granted a revenue increase of approximately $59,849 annually with a resulting rate increase for metered usage of $0.81 per thousand gallons.

By Order Requiring Publication entered August 29, 1991, the District was required to provide public notice of Staff's recommended rates by causing publication of same on the Commission's Tariff Form No. 10. This form provides for the proper procedure for public protest to said recommended rates. Accordingly, on September 17, 1991, the District filed an affidavit of publication averring proper publication of the Tariff Form No. 10 on September 5, 1991 and September 12, 1991, in the Times-West Virginian, a newspaper published and of general circulation in Marion County. The Commission has also received substantial public protest

through individual letters and group petitions opposing the recommended rate increase.

Consequently, due to the clear and substantial protest of certain customers of the District and the Commission's policy in regard to Rule 19-A rate filings, a public hearing was scheduled for 1:30 p.m., October 3, 1991, in the Community Building, Baxter, Marion County, West Virginia, a location requested by the Protestants, by Procedural Order entered September 18, 1991. Said Order further required the District to publish legal public notice of the hearing, including the requested increased rates. At the hearing, the District filed a properly executed Affidavit of Publication showing that the public notice of hearing was properly published on September 27, 1991, in The Times-West Virginian, a newspaper published and of general circulation in the District's service area.

The hearing was convened as scheduled with all parties of record present and represented. The District appeared in the persons of its Board, Mr. Valentine, Mr. Lee and Mr. Tenant, and was represented by its attorney, Mr. Roderick A. Devison. Appearing on behalf of the Public Service Commission Staff were Geert Bakker, a Senior Utility Financial Analyst, and Roy McMillion, who is also a Utility Financial Analyst. Staff was further represented by Staff Attorney Ron Robertson. Many customers of the District were present to protest the requested rate increase, as well as current unsatisfactory service, and were organized and led by Mr. Paul Freeman, President of the Baxter Improvement Association. Also present were representatives of two contractors who allegedly are still owed money by the District for work done during the District's construction project.

Due to the temporary absence of Judge Trent, Chief Administrative Law Judge Marland is entering this decision on his behalf.

EVIDENCE

The District did not wish to contest the findings and recommendations of the Commission Staff concerning the current revenue deficiency of the District and the Staff-recommended increased rates, and, consequently, the hearing proceeded mainly for the purpose of receiving the Staff's testimony and the customers' statements of protest.

The taking of evidence commenced with statements by representatives of two of the District's contractors. Mr. Alex Paris, of Dobbs-Paris Contracting Company, Atlasburg, Pennsylvania, related that his company was a major contractor on this project, started work as early as 1987, did the majority of their work in 1988, and substantially completed the post-construction punch list in 1989 and, yet, are still owed a considerable sum of money as a result of said work. All of his company's work was done with the District's assurance of full payment and the fact that it has not been paid completely makes it difficult for the Company to survive. (Tr., p. 7).

John Walker made a statement on behalf of Mendon Pipeline, Ghent, West Virginia. Mendon Pipeline was a small subcontractor on this project, but because they are a small company, the failure of the

District to pay fully is particularly burdensome. He further stated that Mendon had already been forced to pay, from other funds, for expenses incurred as a result of its work for the District and that they left the system in a functional and operating condition. (Tr., p. 8).

At this point, Staff presented its case, beginning with the testimony of Geert Bakker, a senior utility financial analyst. Mr. Bakker was involved in the investigation and review of a petition filed by the District concurrently with this rate petition, requesting that the Public Service Commission approve a $500,000 borrowing by the District. (Tr., p. 12). Two internal memoranda authored by Mr. Bakker were sponsored and admitted as Staff Exhibits Nos. 1 and 2 during his testimony. (Tr., p. 14). In the Exhibits, Mr. Bakker points out that several firms are owed in excess of $500,000 by the District, including interest that has accrued on much of the debt. The annual debt service, considering both principal and interest, will be $41,930, plus a required 10% reserve of $4,193, for a total of $46,123. This figure was calculated based on an expected interest rate of 8%, as indicated by the West Virginia Water Development Authority. The Exhibit also noted that the anticipated debt service from the loan would be added to the District's calculated revenue requirement for purposes of this rate case. (Staff Exhibit No. 1). Mr. Bakker concluded his direct testimony by restating his recommendation that the loan be approved in order to allow the District to retire its incurred construction debts. (Tr., p. 14).

The final Staff witness was Roy McMillion, a Utility Financial Analyst, who actually did the audit of the District for this proposed rate increase. (Tr., p. 22). Mr. McMillion used a test year ending June 30, 1990, the last year for which reliable, complete records were available at the time the audit was done. (Tr., p. 23). The witness explained the process by which his financial review was conducted and how certain adjustments were derived. He also pointed out that the District had been granted one rate increase since the closure of the selected test year. (Tr., pp. 23-25). Mr. McMillion's report on the financial condition of the District, in the form of a Rule 19-A accounting exhibit, was marked and admitted as Staff Exhibit No. 3. (Tr., pp. 28-29).

During cross-examination of Mr. McMillion, it was established that, as of the close of the test year used, the District was billing 1,432 active accounts and that the current number of billed active accounts was 1,520, but this fact does not necessarily mean that the District is in better financial shape. (Tr., pp. 30 and 33). Mr. McMillion's testimony concluded Staff's case in chief.

Statements made on behalf of the customers and in protest to the increase commenced at the conclusion of Staff's case. Mr. Freeman pointed out that a major problem with the Greater Paw Paw Sanitary District system was that several of the towns connected to the system deliver combined storm water and sanitary sewerage flows into the system, all of which has to be treated as sewerage and paid for by the District when it goes through the Fairmont treatment plant. (Tr., pp. 38-39). Mr. Noshagya, Vice-President of the Baxter Improvement Association, questioned the source and legitimacy of the remaining District debt and whether delays by the contractors in question led to some of the

unexpected debt. (Tr., pp. 39-40). Several customers complained about the condition in which their property was left, after the contractors withdrew. (Tr., pp. 41-42). Many complaints were also heard concerning the odors generated by the system and serious overflow problems during wet weather. (Tr., p. 45).

Mr. Noshagya also complained that this proposed rate increase comes right on the heels of the last increase. (Tr., p. 46). The people of Baxter feel that they have no voice on the District's Board and requested increased Board membership.

Many of the Protestants' statements concerned individual service or billing problems, including odor being experienced throughout the District. (Tr., pp. 56, 58, 61, 63, 65, 70 and 73). Also of some concern to several customers was why the system did not pick up all the possible service locations in and near the current service territory. (Tr., pp. 66-67). There is also a good deal of misunderstanding concerning the use and reimbursement for the electrically driven grinder pumps used in some non-gravity service locations. (Tr., p. 93).

On December 10, 1991, the Staff filed its final exhibit in this matter, Mr. Bakker's analysis of the District's reconciliation of the sources of funding for the District's construction project compared to a summary of projected and actual project costs. The District was directed to file this report of funding and expenses during the hearing. (Tr., pp. 16-17). Although this project was granted a certificate of convenience and necessity on March 30, 1987, (See, Final Order entered in Case No. 86-026-S-CN), and substantially completed by December, 1989, this report was not submitted until November 1, 1991, nearly two years after completion. Mr. Bakker reports that the reconciliation shows that the actual construction costs exceeded projections and original funding because of delays and redesigns, which, in turn, increased engineering and contractor fees and increased interest expense. This resulted in shortfalls of revenue for initial operating expenses. It is Mr. Bakker's observation and Staff's final recommendation that the District's report is acceptable and that the previous Staff recommendation to authorize increased rates be adopted. (See, Post-Hearing Joint Staff Memorandum, filed December 10, 1991). As of the date of this decision, no response has been filed by the District or the Baxter Improvement Association, although copies of the recommendation were forwarded to them on December 10, 1991, by the Executive Secretary.

DISCUSSION

One thing is abundantly clear in this case. Greater Paw Paw Sanitary District is a very troubled public utility. A review of recently decided or still pending complaint cases filed against the District, as well as the majority of protests heard at the hearing in this case, lead to the inevitable conclusion that the District's system has serious and on-going engineering deficiencies, in conjunction with a dismal financial record. What is absent in the evidence submitted in this case, however, is any proof of who is at fault for all or any part of the District's problems. While it is natural to assume, as many Protestants have, that the current Board is responsible, I find no clear

and reliable evidence that such an assumption is justified. The current Board is struggling against the same forces, natural, structural and economic, as are many of the dissatisfied customers.

It is equally obvious that this utility requires some rate relief by which it can pay its debts and begin to deal with its apparent engineering and operational problems. Some of the testing and operational procedures which the District must undertake have been the subject of previous cases and orders of the Commission. (See, Recommended Decision, Case No. 91-428-PSD-C, entered October 31, 1991). However, without sufficient income, the District is without resources to undertake such testing, much less the indicated corrective measures. Further, it is the nature of this proceeding, a request for increased rates under the well-defined terms of Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers of Motor Vehicles, to concentrate on the financial condition of the utility. Thus, problems with service and operations are necessarily peripheral. The Administrative Law Judge is cognizant of, and sympathetic to, the frustration and disappointment of those limited customers of the District who are not being served either efficiently or adequately by this fairly new and expensive system. But these customers must realize that, without financial relief, the District cannot possibly begin to remedy this situation and, if the District's legitimate debts are not paid, it can be expected that the situation will collapse into a maelstrom of lawsuits and expensive litigation. They may also take some relief in the fact that all 1,500 Greater Paw Paw customers will share in this financial obligation.

The Rule 19-A accounting exhibit prepared by Commission Staff clearly indicates an on-going revenue deficiency, even after adjusting the test year for the rate increase which went into effect on August 7, 1990. Further, Staff has analyzed the District's request for approval of a loan by which it can retire its outstanding unfunded debts remaining from construction and recommends approval. This approval has been granted by Recommended Decision entered August 29, 1991, in the companion case to this rate request, Case No. 91-391-PSD-PC, which decision is now final. By granting approval of the Staff recommended rate increase proposed in this case, the conditional approval for said loan as described in Case No. 91-391-PSD-PC will be finalized.

Although the Protestants raised questions concerning the actual number of active customers and other financial matters, the evidence is clear that Staff's professional analysis and recommendation is the reliable, reasonable and fair conclusion. Therefore, the request of Greater Paw Paw Sanitary District for increased rates and charges will be granted and the Staff-recommended rates derived from the Staff Rule 19-A Exhibit, and included herein as Appendix A, will become effective for all service rendered after the date this decision becomes final.

The request of the Protestants that the Commission order that additional members, representative of the Baxter area, be added to the Greater Paw Paw Sanitary District Board is beyond the current jurisdiction of the Commission. So long as the Board is properly

impaneled by the Marion County Commission under the terms of West Virginia Code §16-13A-3, there is no specific statutory authorization for the Commission to interfere with the composition of that Board. Additionally, there is no material evidence in this proceeding of any procedural or substantive error in the appointment of the current Board.

It should also be pointed out that this decision has made no substantive conclusion or finding concerning either the amount or propriety of any alleged outstanding debt of the District. It is expected that the Board and, indeed those customers who are interested, will closely scrutinize all extraordinary payments requested which stem from the District's construction, and, along with the Board's attorney, negotiate the best resolution possible for the District in those instances in which adjustments are indicated. Further, the District is reminded that it is under direct order of the Public Service Commission to undertake certain system testing programs and to take corrective measures where indicated.

FINDINGS OF FACT

1. On May 16, 1991, Greater Paw Paw Sanitary District filed an application, pursuant to Rule 19-A of the Commission's Tariff Rules, requesting increased rates and charges. (See, application filed May 16, 1991).

2. By Order entered June 14, 1991, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of January 10, 1992, and requiring that Commission Staff submit its report by August 26, 1991. (See, Commission Order entered June 14, 1991).

3. On August 23, 1991, Commission Staff filed the Staff Report contemplated by Rule 19-A of the Commission's Tariff Rules, which demonstrated that the financial condition of the District required a revenue increase of approximately $59,849 annually with a resulting rate increase for metered usage of $0.81 per thousand gallons, approval of which was recommended by Staff. (See, Hearing Ex. No. 3, pre-filed on August 23, 1991).

4. Pursuant to Rule 19-A of the Commission's Tariff Rules, and by Order Requiring Publication entered August 29, 1991, the District caused to be published legal public notice of said proposed rate increases using the Commission's Tariff Form No. 10, by publication on September 5, 1991, and September 12, 1991, in the Times-West Virginian, a newspaper published and of general circulation in the District's service area. (See, Affidavit of Publication filed September 17, 1991).

5. As a result of said public notice, clear and substantial protest of said increase was received from certain customers of the District, and, pursuant to Rule 19-A, a hearing was set in this matter to be held in the locality requested by the Protestants. (See, Procedural Order entered September 18, 1991).

6. Said hearing was published and posted for legal public notice on September 27, 1991, in the Times-West Virginian. (See, Affidavit of Publication filed at the hearing, October 3, 1991).

7. At said hearing, Commission Staff recommended that the rate increase previously recommended by Staff be granted and that the District be further authorized to use the proceeds of said increase for on-going operational expenses and for additional debt service. (See, Staff Ex. No. 1; Tr., pp. 14 and 25).

8. At the hearing, the Protestants established that the District's system is experiencing serious operational problems such as excess in-flow and infiltration, odor and corrosion problems due to septic conditions, and overflow-backflow conditions during wet weather. (See, Discussion above).

9. The protestants further alleged that they were not adequately represented on the District's Board and requested that the Commission order that additional members be added, representative of the Baxter area. (See, Tr., p. 48).

10. On December 10, 1991, Staff submitted a Post-Hearing Joint Staff Memorandum in which Staff reported on its review of a reconciliation report of actual funding compared to actual expenditures for the construction project as filed on behalf of the District on November 1, 1991, and reiterated the previous Staff recommendation concerning both the rate increase and approved borrowing. (See, Post-Hearing Joint Staff Memorandum filed December 10, 1991).

11. By Recommended Decision entered August 29, 1991, the District was authorized to borrow $500,000 from the West Virginia Water Development Authority in order to retire outstanding unfunded debts of the District, contingent on the rate increase requested in this case. (See, Recommended Decision entered August 29, 1991 in Case No. 91-391-PSD-PC).

CONCLUSIONS OF LAW

1. Both the borrowing authorized in Case No. 91-391-PSD-PC and the Staff-recommended rate increase of record in this case are reasonably required to prevent a further deficiency in the financial conditions and ultimately, the operational ability of the District. Further, the rate increase is fair and not excessive or discriminatory and, therefore, will be granted. (See, West Virginia Code §24-2-3 and §16-13A-3 and 21; Staff Ex. Nos. 1, 2 and 3).

2. The Protestants request for the appointment of additional members, representative of the Baxter area, to the District Board is not contemplated or authorized by law and will be denied. (See, West Virginia Code §16-13A-3).

ORDER

IT IS, THEREFORE, ORDERED that the application for a rate increase filed by the Greater Paw Paw Sanitary District on May 16, 1991, be granted as provided herein and that the Staff-recommended rates, attached hereto as Appendix A, be authorized and collected for all service rendered after the date this recommended decision becomes final.

IT IS FURTHER ORDERED that the District file revised tariff sheets with the Commission reflecting these increased rates as soon as they are put in use by the District.

IT IS FURTHER noted of record that this approved rate increase is sufficient to fund the expected debt service of the borrowing contingently approved in Case No. 91-391-PSD-PC, and that the processing of said loan should proceed expeditiously.

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

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

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

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

Melissa K. Marland
Chief Administrative Law Judge
on behalf of Administrative Law Judge
Thomas N. Trent

TNT:cjf

GREATER PAW PAW SANITARY DISTRICT

APPROVED RATES

Applicability

Applicable within territory served.

Availability

Available for general residential, commercial and industrial service.

(A) Metered Rate

$5.73 per 1,000 gallons used per month.

(A) Minimum Charge

Metered service is subject to a minimum charge of $11.46 per month.

(A) Unmetered Rate

$25.78 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 $0.03 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.

(C) Delayed Payment Penalty

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten (10%) percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(A) Connection Fee

The Service Connection Fee shall be Two Hundred and Fifty ($250.00) Dollars.

(A) Indicates advance
(C) Indicates change

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 16th day of March, 1992.

CASE NO. 91-323-PSD-19A

GREATER PAW PAW SANITARY DISTRICT
Rule 19-A application to increase sewer rates and charges.

COMMISSION ORDER

On May 16, 1991, Greater Paw Paw Sanitary District (District), a public service district providing sewer collection and transfer service in and around Rivesville, Marion County area, filed an application pursuant to Rule 19-A of the Commission's Rules and Regulations for the Government of the Construction and filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle, requesting increased rates and charges.

On January 10, 1992, an Administrative Law Judge (ALJ) of this Commission entered a recommended decision. In the decision, the ALJ noted that there were apparent service and operational deficiencies with the District. However, the ALJ concluded that the focus of the 19-A proceeding is primarily on the financial condition of the utility, not these matters. Further, the ALJ noted that the financial stability of the District must be attained, before any operational and service problems could be addressed sufficiently. Accordingly, based on Staff's financial analysis supporting a Staff recommended rate increase, the ALJ granted the District's request for increased rates and charges and approved Staff recommended rates to generate additional revenues of approximately $59,849 to allow the District to retire certain construction debts.

On January 14, 1992, the Baxter Community Improvement Association filed exceptions to the ALJ's recommended decision.

On February 26, 1992, Commission Staff (Staff) filed a memorandum in this proceeding. The memorandum was prepared by Dina B. Foster, Utility Engineer, Public Service District Division. Based on an on-site review of the District's system, Staff noted several significant operational and engineering deficiencies in the system.

On March 10, 1992, the District filed a response to Staff's memorandum.

DISCUSSION

Upon review of the record, the ALJ's recommended decision and the exceptions filed, the Commission finds no reason to reverse the ALJ's

decision to grant the 19-A application for increased rates and charges and approved Staff recommended rates in this proceeding. The Commission concurs with the ALJ that the District must achieve financial stability, in order for any significant operational, engineering or service problems to be addressed. The Commission further agrees that the focus of the 19A proceeding is primarily on the financial status of a utility. Accordingly, the Commission shall affirm the ALJ's recommended decision of January 10, 1992.

In light of the magnitude of the problems presented in Staff's memorandum dated February 26, 1992, however, the Commission is of the opinion that a formal investigation should be undertaken of the overall operations of the Greater Paw Paw Sanitary District which would include a review of the District's practices, facilities and rates. The Commission believes that this investigation is justified based on Staff's findings. The Commission further believes that a further investigation should effectively address some of the concerns raised in the exceptions filed in this case. The Commission intends this investigation to be broad and capable of supporting whatever remedial actions are necessary.

FINDINGS OF FACT

1. The Staff prepared financial analysis supports the District's 19-A application for increased rates and charges and approval of the Staff recommended rates, which were approved by the ALJ in the recommended decision of January 10, 1992. Commission Staff Rule 19A Exhibit; Staff Exhibit No. 3.

2. The findings presented in Staff's memorandum dated February 26, 1992 demonstrate that a formal investigation, on the Commission's own motion, should be undertaken into the overall operations of the Greater Paw Paw Sanitary District. Staff Memorandum dated February 26, 1992.

CONCLUSIONS OF LAW

1. It is, therefore, reasonable and appropriate to affirm the ALJ's recommended decision of January 10, 1992.

2. It is, therefore, reasonable and appropriate for the Commission, on its own motion, to institute a formal investigation into the overall operations of the Greater Paw Paw Sanitary District.

ORDER

IT IS, THEREFORE, ORDERED that the ALJ's recommended decision of January 10, 1992 be, and hereby is, affirmed.

IT IS FURTHER ORDERED that a general investigation into the overall operations of the Greater Paw Paw Sanitary District be, and hereby is, instituted. The general investigation case shall be designated Case No. 92-0297-PSD-GI

IT IS FURTHER ORDERED that the following procedural schedule be established in this case:

1. On or before July 10, 1992, the Commission Staff shall file a Staff memorandum, setting forth its findings and recommendations.

2. On or before August 11, 1992, the Greater Paw Paw Sanitary District shall file its response to Staff's recommendations.

IT IS FURTHER ORDERED that the above case shall be referred to the Division of Administrative Law Judges.

IT IS FURTHER ORDERED that the ALJ Division shall render its decision in this matter on or before October 23, 1992.

IT IS FURTHER ORDERED that if the participants desire an extension of the foregoing decision due date, they make seek an extension only upon formal application to the Commission.

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

ARC
AHS:seg

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and ROBERT YOKLEY, Chairman of Greater Paw Paw Sanitary District (the "Issuer"), hereby certify as follows:

1. On the 22nd day of April, 1992, the Authority received the entire original issue of $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated April 22, 1992, the Series 1992 A Bond being in the principal amount of $483,871 and the Series 1992 B Bond being in the principal amount of $16,129.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Robert Yokley, as Chairman of the Issuer, by his manual signature, and by Leo DeMary, as Secretary 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 1992 A Bonds in the aggregate amount of $483,871 and proceeds of the Series 1992 B Bonds in the aggregate principal amount of $16,129 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and GREATER PAW PAW SANITARY DISTRICT has caused this receipt to be executed by its Chairman, as of this 22nd day of April, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

GREATER PAW PAW SANITARY DISTRICT

By
Chairman

04/16/92
PAWJ.F2
69154/90001

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-1C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 A, in the principal amount of $483,871, and Bond No. BR-1, constituting the entire original issue of the Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 B, in the principal amount of $16,129, both dated April 22, 1992 (collectively, the "Bonds"), executed by the Chairman and Secretary 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 Supplemental and Amendatory Bond 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 April 22, 1992, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

(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 $500,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be

authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 22nd day of April, 1992.

GREATER PAW PAW SANITARY DISTRICT

By _____
Chairman

04/20/92
PAWJ.G3
69154/90001

ALL-STATE LEGAL SUPPLY CO.. 1-800-222-0510 ED 11-1C

[SPECIMEN SERIES 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 A

No. AR-1 $483,871

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 FOUR HUNDRED EIGHTY-THREE THOUSAND EIGHT HUNDRED SEVENTY-ONE DOLLARS ($483,871), 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, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated April 22, 1992.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion 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. The Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on April 15, 1992, and a Supplemental Resolution, duly adopted by the Issuer on April 15, 1992 (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 ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,548,258 (THE "SERIES 1987 A BONDS") AND SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $379,753 (THE "SERIES 1987 B BONDS") AND THE SEWER REVENUE BONDS, SERIES 1992 B, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $16,129 (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN 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, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1992 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, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, provided however, that so long as there exists in the Series 1992 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 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 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 Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, 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 22, 1992.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 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 22, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District

Closing 4/22/92
Interest Bearing Loan: $483,871.00

Date	Coupon	Principal	Interest	Debt Service
10/1/92	7.75%	0.00	16,562.50	16,562.50
10/1/93	7.75%	2,158.00	37,500.00	39,658.00
10/1/94	7.75%	2,325.00	37,332.76	39,657.76
10/1/95	7.75%	2,506.00	37,152.57	39,658.57
10/1/96	7.75%	2,700.00	36,958.36	39,658.36
10/1/97	7.75%	2,909.00	36,749.11	39,658.11
10/1/98	7.75%	3,135.00	36,523.66	39,658.66
10/1/99	7.75%	3,377.00	36,280.70	39,657.70
10/1/00	7.75%	3,639.00	36,018.98	39,657.98
10/1/01	7.75%	3,921.00	35,736.96	39,657.96
10/1/02	7.75%	4,225.00	35,433.08	39,658.08
10/1/03	7.75%	4,552.00	35,105.64	39,657.64
10/1/04	7.75%	4,905.00	34,752.86	39,657.86
10/1/05	7.75%	5,285.00	34,372.72	39,657.72
10/1/06	7.75%	5,695.00	33,963.14	39,658.14
10/1/07	7.75%	6,136.00	33,521.77	39,657.77
10/1/08	7.75%	6,612.00	33,046.23	39,658.23
10/1/09	7.75%	7,124.00	32,533.80	39,657.80
10/1/10	7.75%	7,676.00	31,981.69	39,657.69
10/1/11	7.75%	8,271.00	31,386.80	39,657.80
10/1/12	7.75%	8,912.00	30,745.80	39,657.80
10/1/13	7.75%	9,603.00	30,055.12	39,658.12
10/1/14	7.75%	10,347.00	29,310.89	39,657.89
10/1/15	7.75%	11,149.00	28,509.00	39,658.00
10/1/16	7.75%	12,013.00	27,644.95	39,657.95
10/1/17	7.75%	12,944.00	26,713.94	39,657.94
10/1/18	7.75%	13,947.00	25,710.78	39,657.78
10/1/19	7.75%	15,028.00	24,629.89	39,657.89
10/1/20	7.75%	16,193.00	23,465.22	39,658.22
10/1/21	7.75%	17,448.00	22,210.26	39,658.26
10/1/22	7.75%	18,800.00	20,858.04	39,658.04
10/1/23	7.75%	20,257.00	19,401.04	39,658.04
10/1/24	7.75%	21,827.00	17,831.12	39,658.12
10/1/25	7.75%	23,519.00	16,139.53	39,658.53
10/1/26	7.75%	25,341.00	14,316.81	39,657.81
10/1/27	7.75%	27,305.00	12,352.88	39,657.88
10/1/28	7.75%	29,421.00	10,236.74	39,657.74
10/1/29	7.75%	31,702.00	7,956.62	39,658.62
10/1/30	7.75%	34,158.00	5,499.71	39,657.71
10/1/31	7.75%	36,806.00	2,852.47	39,658.47
		483,871.00	1,079,354.14	1,563,225.14

Prepared 4/14/92

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:

_____

ALL STATE LEGAL SUPPLY CO 1-800-222-0510 ED 11-10

[SPECIMEN SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 B

No. BR-1 $16,129

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 SIXTEEN THOUSAND ONE HUNDRED TWENTY-NINE DOLLARS ($16,129), 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 April 22, 1992.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on April 15, 1992, and a Supplemental Resolution, duly adopted, by the Issuer on April 15, 1992

(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 ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $379,753 (THE "SERIES 1987 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 A, OF THE ISSUER (THE "SERIES 1992 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $483,871, AND THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,548,258 (THE "SERIES 1987 A BONDS"), ALL AS DESCRIBED IN 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 and the Series 1992 A Bonds, and on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1992 B Bonds 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 Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 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, the Series 1987 B Bonds, the Series 1992 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds and the Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds and the Series 1992 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the 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 and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1992 A Bonds.

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

a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, 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 22, 1992.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 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 22, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District

Closing 4/22/92
Interest Free Loan: $16,129.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	413.56	413.56
10/1/94	413.56	413.56
10/1/95	413.56	413.56
10/1/96	413.56	413.56
10/1/97	413.56	413.56
10/1/98	413.56	413.56
10/1/99	413.56	413.56
10/1/00	413.56	413.56
10/1/01	413.56	413.56
10/1/02	413.56	413.56
10/1/03	413.56	413.56
10/1/04	413.56	413.56
10/1/05	413.56	413.56
10/1/06	413.56	413.56
10/1/07	413.56	413.56
10/1/08	413.56	413.56
10/1/09	413.56	413.56
10/1/10	413.56	413.56
10/1/11	413.56	413.56
10/1/12	413.56	413.56
10/1/13	413.56	413.56
10/1/14	413.56	413.56
10/1/15	413.56	413.56
10/1/16	413.56	413.56
10/1/17	413.56	413.56
10/1/18	413.56	413.56
10/1/19	413.56	413.56
10/1/20	413.56	413.56
10/1/21	413.56	413.56
10/1/22	413.56	413.56
10/1/23	413.56	413.56
10/1/24	413.56	413.56
10/1/25	413.56	413.56
10/1/26	413.56	413.56
10/1/27	413.56	413.56
10/1/28	413.56	413.56
10/1/29	413.56	413.56
10/1/30	413.56	413.56
10/1/31	413.72	413.72
	16,129.00	16,129.00

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:

_____

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

April 22, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Greater Paw Paw Sanitary District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $483,871 Sewer Revenue Bonds, Series 1992 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 April 22, 1992, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1992, at the rate of 7.75% per annum, and with principal installments payable on October 1 in each of the years 1993 through 2031, 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) financing a portion of the costs of completion of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Local Bonds; and (iii) paying certain issuance and other costs in connection therewith.

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We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on March 31, 1987, supplemental and amendatory bond resolution duly adopted by the Issuer on April 15, 1992, as supplemented by a supplemental resolution adopted April 15, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public 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.

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

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

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's outstanding Sewer Revenue Bonds, Series 1987 A, dated April 7, 1987, issued in the original principal amount of $1,548,258 (the "Series 1987 A Bonds"), all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes),

such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

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

7. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered August 29, 1991 (Case No. 91-391-PSD-PC), approving, among other things, the financing for the completion of the Project, has expired prior to the date hereof. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered March 16, 1992 (Case No. 91-323-PSD-19A), approving increased rates for the System, has also expired prior to the date hereof.

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

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

04/20/92
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69154/90001

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 EO 11-10

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

April 22, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1992 B

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Greater Paw Paw Sanitary District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $16,129 Sewer Revenue Bonds, Series 1992 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 April 22, 1992, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and 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 1993 through 2031, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated April 22, 1992, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are on a parity with respect to liens, pledge and source of and security for payment with the Issuer's outstanding Sewer Revenue Bonds, Series 1987 B, dated April 7, 1987, issued in the original principal amount of $379,753 (the "Series 1987 B Bonds") and are junior, subordinate and inferior as to liens, pledge and source of and security for payment, and in all other respects, to the bonds issued pursuant to the Loan

Agreement and designated "Sewer Revenue Bonds, Series 1992 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith, and to the Issuer's outstanding Sewer Revenue Bonds, Series 1987 A, dated April 7, 1987, issued in the original aggregate principal amount of $1,548,258 (the "Series 1987 A Bonds").

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) financing a portion of the costs of completion of acquisition and construction of certain new sewage collection and transportation 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 and notes resolution duly adopted by the Issuer on March 31, 1987, the supplemental and amendatory bond resolution duly adopted by the Issuer on April 15, 1992, as supplemented by a supplemental resolution adopted April 15, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public 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.

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

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

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

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, on a parity with the Series 1987 B Bonds and junior and subordinate to the Series 1987 A Bonds and 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 of West Virginia.

7. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered August 29, 1991 (Case No. 91-391-PSD-PC), approving, among other things, the financing for the completion of the Project, has expired prior to the date hereof. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered March 16, 1992 (Case No. 91-323-PSD-19A), approving increased rates for the System, has also expired prior to the date hereof.

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

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

April 22, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $483,871 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A (the "Local Bonds"), of Greater Paw Paw Sanitary District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

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

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

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on

the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

04/20/92
PAWJ.J3
69154/90001

RODERICK A. DEVISON
ATTORNEY AT LAW
FAIRMONT, WEST VIRGINIA
26554

203-204-205 SECURITY SAVINGS BUILDING

TELEPHONE 366-3216
AREA CODE 304

April 22, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1992 A and Series 1992 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25604

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

Ladies and Gentlemen:

I am counsel to Greater Paw Paw Sanitary 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 April 22, 1992, 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 and orders of The County Commission of Marion County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Marion County and the Public Service Commission of West Virginia. The Issuer will adopt a resolution prescribing such rates and charges within 30 days hereof. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered August 29, 1991 (Case No. 91-391-PSD-PC), approving, among other things, the issuance of the Bonds and the financing for the completion of the Project, has expired prior to the date hereof. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered March 16, 1992 (Case No. 91-323-PSD-19A), approving increased rates for the System, has also expired prior to the date hereof.

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

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

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

Very truly yours,

RODERICK A. DEVISON, ESQUIRE

RAD:jap

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GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of 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 $500,000 aggregate principal amount of Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 A and Series 1992 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, the Supplemental and Amendatory Bond Resolution of the Issuer adopted April 15, 1992, and a Supplemental Resolution of the Issuer adopted April 15, 1992 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of the undersigned, 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 Gross Revenues, or in any way

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

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority.

The Issuer has outstanding its Sewer Revenue Bonds, Series 1987 A, dated April 7, 1987, issued in the original principal amount of $1,548,258 (the "Series 1987 A Bonds") and its Sewer Revenue Bonds, Series 1987 B, dated April 7, 1987, issued in the original principal amount of $379,753 (the "Series 1987 B Bonds"). The Series 1992 A Bonds are senior and prior with respect to liens, pledge and source of and security for payment to the Series 1992 B Bonds and the Series 1987 B Bonds, and are on a parity with the Series 1987 A Bonds. The Series 1992 B Bonds are on a parity with respect to liens, pledge and source of and security for payment with the Series 1987 B Bonds, and are junior and subordinate to the Series 1992 A Bonds and the Series 1987 A Bonds.

Except for the 1987 A Bonds and the 1987 B Bonds, there are no outstanding debt obligations of the Issuer, which are secured by revenues or assets of the System. The Issuer is not in default under any provision of the 1987 A Bonds and the 1987 B Bonds or the resolution authorizing the issuance of such 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 Sanitary District.

Order of County Commission Appointing Current Members to Public Service Board.

Certified Copies of Oaths of Office of Current Members of Public Service Board.

Bond and Notes Resolution.

Supplemental and Amendatory Bond Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

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

Minutes of Current Year Organizational Meeting of Public Service Board.

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

Loan Agreement and Supplemental Loan Agreement.

EPA Grant Agreement, with Part B Amendment.

Small Cities Block Grant Agreement.

Public Service Commission Final Orders entered August 29, 1991 and March 16, 1992.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Greater Paw Paw Sanitary District". The Issuer 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 Issuer is its Public Service Board, consisting

of 3 duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Gary Brownlee	April 8, 1992	March 1, 1996
Leo DeMary	April 8, 1992	March 1, 1998
Robert Yokley	April 8, 1992	March 1, 1994

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1992 are as follows:

Chairman	-	Robert Yokley
Secretary/Treasurer	-	Leo DeMary

The duly appointed and acting counsel to the Issuer is Roderick A. Devison, 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 acquisition and construction of the Project and the 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. All notices required to be posted and/or published were so posted and/or published.

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

10. GRANTS: As of the date hereof, the EPA Grant in the amount of $6,273,802 and the Small Cities Block Grant in the amount of $238,698 are committed and in full force and effect.

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

12. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered August 29, 1991 (Case No. 91-391-PSD-PC), among other things, approving the issuance of the Bonds and the financing for the completion of the Project. The Issuer has also received the Final Order of the Public Service Commission of West Virginia entered March 16, 1992 (Case No. 91-323-PSD-19A), approving the increased rates and charges for the services of the System. The Issuer will adopt a resolution prescribing such rates and charges within 30 days hereof. The time for appeal of such orders has expired prior to the date hereof.

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 22, 1992, 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 Bonds, being $500,000 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to the completion of the acquisition and construction of the Project, anticipated user rates and charges and issuance of the Bonds 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 such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

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

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

19. 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 22nd day of April, 1992.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

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GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A

CERTIFICATE AS TO ARBITRAGE

I, ROBERT YOKLEY, Chairman of the Public Service Board 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 $500,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer, dated April 22, 1992 (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, as amended, and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 22, 1992, 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 supplemental and amendatory bond resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds and the Series 1992 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on April 22,

1992, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $500,000 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of completion of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Local Bonds; and (iii) paying costs of issuance thereof.

8. Acquisition, construction and equipping of the Project has proceeded with due diligence to completion, and the Project was substantially completed in December, 1989. However, the Issuer did not have sufficient funds to pay for costs of completing the Project. 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 completing the Project within 30 days, with the exception of an infiltration and inflow study which will be completed on or before December, 1992.

9. The total cost of completing the Project is estimated at $500,000. A shortfall of approximately $449,927 is due to cost overruns. Sources and uses of funds for completion of the Project are as follows:

SOURCES

Gross Proceeds of Local Bonds	$483,871
Gross Proceeds of Supplemental Bonds	16,129
Total Sources	$500,000

USES

Cost of Design, Acquisition and Construction of Project not Funded from other Sources	$449,927
Funded Reserve for Local Bonds	39,659
Funded Reserve for Supplemental Bonds	414
Costs of Issuance	10,000
Total Uses	$500,000

The amount of Project costs not expected to be paid from proceeds of the Supplemental Bonds is estimated to be at least equal to the gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds and the Supplemental Bonds, 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 III of the Local Act, the following special funds or accounts have been created:

(1) Series 1992 A Bonds Sinking Fund, and within the Series 1992 A Bonds Sinking Fund the Series 1992 A Bonds Reserve Account; and

(2) Series 1992 B Bonds Sinking Fund, and within the Series 1992 B Bonds Sinking Fund the Series 1992 B Bonds Reserve Account.

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

(1) Local Bonds proceeds in the amount of $-0- shall be deposited in the Series 1992 A Bonds Sinking Fund, as capitalized interest;

(2) Local Bonds proceeds in the amount of $39,659 and Supplemental Bonds proceeds in the amount of $414 will be deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, respectively; and

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

12. Moneys held in the Series 1992 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 1992 A Bonds Sinking Fund and Series 1992 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less

than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Local Act.

13. Except for the Series 1992 A Bonds Sinking Fund and the Series 1992 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Local Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Local Bonds, have been or will be pledged to payment of the Local Bonds. Less than 10% of the moneys received from the sale of the Local Bonds, if any, will be deposited in the Series 1992 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1992 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1992 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1992 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

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

15. 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.

16. With the exception of the amount deposited in the Series 1992 A Bonds Sinking Fund for payment of interest on the Local Bonds, if any, and the amount deposited in the Series 1992 A Bonds Reserve Account, if any, all of the proceeds of the Local Bonds will be expended on the Project within 8 months from the date of issuance thereof.

17. Any money deposited in the Series 1992 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds

(other than the Series 1992 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

18. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of August 27, 1991.

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

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

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

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

23. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.

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

25. The Issuer shall not permit at any time or times any of the proceeds of the Local Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Local Bonds is excludable from gross income for federal income tax purposes.

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

27. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement

is necessary to preserve the exclusion from gross income for federal income tax purposes of the Local Bonds.

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

29. The Issuer has either (a) funded the Series 1992 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1992 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1992 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Local Bonds and will not be available to pay costs of the Project.

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

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

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

contrary to any of the provisions of the Resolutions authorizing issuance of the Local Bonds.

33. 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.

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

IN WITNESS WHEREOF, I have set my hand this 22nd day of April, 1992.

GREATER PAW PAW SANITARY DISTRICT

By _____
Chairman

04/20/92
PAWJ.M3
69154/90001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

ENGINEER'S CERTIFICATE

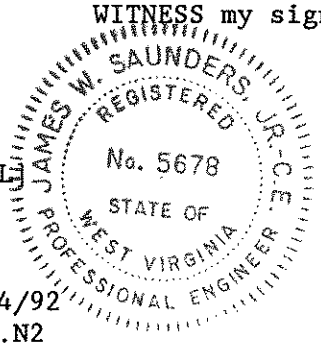
I, JAMES W. SAUNDERS, JR., Registered Professional Engineer, West Virginia License No. 5678, of Bernard G. Sampson Company, Inc., Consulting Engineers, of Fairmont, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain sewerage facilities (the "Project") of Greater Paw Paw Sanitary District, in Marion County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition were financed in part by proceeds of the District's bonds issued in 1987. Additional costs of the Project not previously contemplated are being financed in part from proceeds of the above-captioned bonds (the "Bonds").

2. I hereby certify that (i) the Project has been 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 Water Development Authority (the "Authority") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the Issuer; (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) the Project has been completed in accordance with the Application submitted to the Authority; (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 and no other permits are necessary for issuance of the Bonds; (v) the construction and funding for the Project is complete; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the net proceeds of the Bonds, and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of completing the acquisition and construction of the Project as set forth in the application submitted to the Authority on the date of the Loan Agreement; (viii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; and (ix) attached hereto as Exhibit A is the final amended "Schedule A-I - Completion Bonds" for the Project.

WITNESS my signature on this 22nd day of April, 1992.

[SEAL]



BERNARD G. SAMPSON COMPANY, INC.

By _____

04/14/92
PAWB.N2
69154/90001

AMENDED SCHEDULE A-1 - COMPLETION BONDS

NAME OF GOVERNMENTAL AGENCY: Greater Bay Bay Sanitary District DATE: April 15, 1992

A. Actual Cost of Project

		(ORIGINAL)		(ACTUAL)	COMPLETION BONDS (DIFFERENCE)
1.	Construction	$6,257,409		$8,021,527.00	($1,764,118.00)
2.	Technical Services	$ 465,063		$ 587,574.00	($ 122,511.00)
3.	Legal and Fiscal	$ 81,500		$ 60,970.00	$ 20,530.00
4.	Administrative	$ 54,000		$ 99,492.00	($ 45,492.00
5.	Site and Other Lands	$ 60,209		$ 126,251.00	($ 66,042.00)
6.	Step I and/or Step II Design or Other Loan Repayment	$ 364,244		$ 503,606.00	($ 139,362.00)
7.	Interim Financing Costs	$ 46,000		$ 61,874.00	($ 15,874.00)
8.	Contingency	$ 312,460		$ -0-	$ 312,460.00
9.	Total of Lines 1 through 8a Miscellaneous	$ 20,000	$7,660,885	$ 14,905.00	$ 5,095.00 $9,476,199.00 ($1,815,314.00)

B. Original Project Financing

10.	Federal Grants	$5,500,300		$6,273,802.00	$ 773,502.00
11.	State Grants	$ 502,445		$ 502,445.00	$ -0-
12.	Other Grants SCBG (HUD	$ -0-		$ 238,698.00	$ 238,698.00
13.	Any Other Source TapFees/Misc., Interest Step II LoC	$ 72,351		$ 425,538.00	$ 353,187.00
14.	Total of Lines 10 through 13		$6,075,096	$7,440,483.00	$1,365,387.00
15.	Amount Required to Complete Project (Line 9 less Line 14)		$1,585,789	$2,035,716.00	($ 449,927.00)

C. Cost of Financing

16.	Capitalized Interest (construction period plus six months)	$ 186,042		$ 186,042.00	$ -0-
17.	Funded Reserve Account	$ 146,180		$ 186,253.00	($ 40,073.00)
18.	Other Costs	$ 10,000		$ 20,000.00	($ 10,000.00)
19.	Total Cost of Financing		$ 342,222	$ 392,295.00	($ 50,073.00)
20.	Size of Bond Issue (Line 15 plus Line 19)		$1,928,011	$2,428,011.00	$500,000.00

Attach copy of Amended Schedule A.
Attach supporting documentation not previously submitted.
Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A-1.

Robert Yokley, Chairman
(Name of Applicant)

Applicant Signature

James Saunders, P.E.
(Name of Engineer)

Professional Engineer Signature
RPE #5679

Jack L. Oliver
(Name of Independent Accountant)

Independent Accountant Signature

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-1C

JACK L. OLIVER, CPA

250 SCOTT AVENUE
MORGANTOWN, WV 26505
(304) 291-1530

April 22, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

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

Ladies and Gentlemen:

Based upon the rates and charges as set forth and approved in the Final Order of the Public Service Commission of West Virginia (Case No. 91-323-PSD-19A) entered March 16, 1992, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Greater Paw Paw Sanitary District, it is my opinion that such rates and charges will be sufficient to provide revenues, which together with other revenues of the sewerage system of 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 1992 A and Series 1992 B, to be issued to West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds, including the Prior Bonds, as defined in the Bond Resolution.

Very truly yours,

Jack L. Oliver, Cpa

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

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 PAW PAW 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 Paw Paw 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

appointing three capable and discreet persons as Board Members to 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 PAW PAW 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 my 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.

All of which is accordingly ordered and adjudged.

ENTER this 27 day of March, 1973.

County Commissioners
of
Marion County,
West Virginia

Jess Borowski

Clyde Wright

Betty Bill

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-1C

WEDNESDAY, APRIL 8, 1992

THE MARION COUNTY COMMISSION SAT IN REGULAR SESSION PURSUANT TO ITS ADJOURNMENT ON FRIDAY, APRIL 3, 1992. PRESENT: PRESIDENT JAMES E. SAGO, COMMISSIONER JACK MAY, AND COMMISSIONER CECILY ENOS, ALL OF THE COMMISSIONERS OF SAID COUNTY COMMISSION.

THE PROCEEDINGS OF FRIDAY, APRIL 3, 1992, TOGETHER WITH THOSE HAD AND DONE UNDER THE SUPERVISION OF JANICE COSCO, CLERK AND RECORDER OF THE MARION COUNTY COMMISSION, ON MONDAY AND TUESDAY, APRIL 6 AND 7, 1992.

PRESIDENT SAGO CALLED THE MEETING TO ORDER. THE MINUTES OF FRIDAY, APRIL 3, 1992, WERE READ AND APPROVED AS READ.

COMMISSSIONER MAY MOVED THAT THE PRESIDENT BE AUTHORIZED TO SIGN THE LEASE APPLICATION FOR THE NEW MINOLTA EP-5400 COPIER, FOR THE PROSECUTING ATTORNEY'S OFFICE, WHICH WAS APPROVED FOR LEASE/PURCHASE ON MARCH 25, 1992. COMMISSIONER ENOS SECONDED THE MOTION. PRESIDENT SAGO CONCURRED. THE MOTION CARRIED.

COMMISSIONER MAY MOVED THAT THE PRESIDENT BE AUTHORIZED TO SIGN THE FOLLOWING PIPELINE RIGHT-OF-WAY:

GRANTOR: MARION COUNTY COMMISSION
GRANTEE: EQUITRANS INCORPORATION (NATURAL GAS PIPELINE)
LOCATION: MANNINGTON DISTRICT - CROSSING THE CURTISVILLE FLOOD CONTROL SITE
TOTAL DISTANCE: 420 FEET, MORE OR LESS

COMMISSIONER ENOS SECONDED THE MOTION. PRESIDENT SAGO CONCURRED. THE MOTION CARRIED.

COMMISSIONER MAY MOVED THAT THE FOLLOWING PERSONS BE APPOINTED TO THE GREATER PAW PAW PUBLIC SERVICE DISTRICT BOARD:

ROBERT YOKLEY - 2-YEAR TERM TO EXPIRE ON MARCH 1, 1993.
GARY BROWNLEE - 4-YEAR TERM TO EXPIRE ON MARCH 1, 1995.
LEO DEMARY - 6-YEAR TERM TO EXPIRE ON MARCH 1, 1997.

COMMISSIONER ENOS SECONDED THE MOTION. PRESIDENT SAGO CONCURRED. THE MOTION CARRIED.

LET THE RECORD NOTE THAT UNDER DATE OF APRIL 1, 1992, THE WEST VIRGINIA DIVISION OF HIGHWAYS FORWARDED THE FOLLOWING CONTRACTOR'S PROPOSAL:

NAME OF PROJECT: HOGLICK BRIDGE
PROJECT NO.: S325-27/6-2.47
CONTRACTOR: BILCO CONSTRUCTION CO.,INC SO. CHARLESTON, WV

LET THE RECORD NOTE THAT THE PURCHASING DIRECTOR HAS SUBMITTED THE GASOLINE QUOTATIONS FOR 4-2-92, WHICH REFLECTS THE LOW BID AWARD TO RMF OIL, INC. MORGANTOWN, WV, FOR 78.15 PER GAL.

LET THE RECORD NOTE THAT THE MARION COUNTY COMMISSION APPROVED THE POLL WORKERS LIST FOR THE MAY 12, 1992, PRIMARY ELECTION.

ORDERED THAT THIS COMMISSION DO NOW ADJOURN UNTIL FRIDAY, APRIL 10, 1992.

PRESIDENT

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 said County, do hereby certify that the foregoing is a true and accurate copy of OFFICIAL MINUTES OF THE MARION COUNTY COMMISSION DATED APRIL 3, 1992, OATHS OF OFFICE FOR THREE (3) BOARD MEMBERS OF THE GREATER PAW PAW PUBLIC SERVICE DISTRICT, APPOINTED BY THE MARION COUNTY COMMISSION, ON APRIL 3, 1992, as the same appears of record in my office in POLICE & FISCAL ORDER BOOK NO. 56, PAGE 305-306; OATH BOOK NO. 11, PAGE 412; OATH BOOK NO. 12, PAGE 3.

In Testimony Whereof, I have hereunto set my hand and affixed the Seal of said Commission, at the City of Fairmont, Marion County, West Virginia, this 14TH day of APRIL, 19 92.

Janice Cosco

Clerk of the Marion County Commission
Marion County, West Virginia.

By _____
Deputy

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
PAPA1-P

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-1C

11-412

State of West Virginia, SS:

I, Gary M. Brownlee, 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 Board of the Greater Paw Paw Sanitary District to the best of my skill and judgment. So help me God.

Gary M. Brownlee
Gary M. Brownlee

Subscribed and sworn to before me, Janice Cosco, Clerk in and for said county, this 20th day of May 19 87

Janice Cosco

41

22

State of West Virginia, SS:

I, LEO DEMARY, 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 PUBLIC SERVICE DISTRICT BOARD, FOR A TERM TO EXPIRE ON MARCH 1, 1997, to the best of my skill and judgment. So help me God.

Leo DeMary

Subscribed and sworn to before me, JANICE COSCO, COUNTY CLERK in and for said county, this 13TH day of APRIL 1992

Janice Cosco

41

State of West Virginia, SS.:

I, ROBERT YOKLEY, 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 PUBLIC SERVICE DISTRICT BOARD, FOR A TERM TO EXPIRE ON MARCH 1, 1993, to the best of my skill and judgment. So help me God.

Robert A Yokley

Subscribed and sworn to before me, JANICE COSCO, COUNTY CLERK in and for said county, this 13TH day of APRIL, 19 92

Janice Cosco

ALL-STATE LEGAL SUPPLY CO.. 1-800-222-0510 ED 11-1C

AFFIDAVIT OF PUBLICATION

Nº 002850

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 two successive weeks (Class II), commencing with the issue of the 1 day of March 19 90, and ending with the issue of the 8 day of March 19 90, and was posted at the front door of the Marion County Court House on the 1 day of March 19 90; that said annexed notice was published on the following dates: March 1, 8, 1990

and the cost of publishing said annexed notice as aforesaid was $51.34.

Joyce Ann Police

Taken, subscribed and sworn to before me in said county this 17 day of April 19 92.

My commission expires Jan. 24, 2000.

Notary Public of Marion County, West Virginia

My commission expires Jan. 24, 2000

NOTICE
Pursuant to West Virginia Code 16-13-A-25

GREATER PAW PAW SANITARY DISTRICT, MARION COUNTY, WEST VIRGINIA Sewer Revenue Bonds, Completion Bonds, not to exceed $500,000.00

NOTICE IS HEREBY GIVEN to the residents of Greater Paw Paw Sanitary District, Marion County, West Virginia (the "District"), that in order to finance the payment for the completion of the District's public sewerage system improvements, the acquisition and construction of which commenced April 1st, 1987 (the "Project") the District intends to issue its Sewer Revenue Bonds in an aggregate principal amount not to exceed $500,000.00 (the "Bonds"), bearing interest at rates not to exceed 10% and with maturities not to exceed 40 years. The estimated cost of payment for completion of the Project, according to B.G. Sampson Co., Consulting Engineers, will not exceed $500,000.00. The Project is serving approximately 1500 customers.

Pending issuance of the Bonds, the District also contemplates continued use of its line of credit not to exceed $750,000.00 in the aggregate, in the form of a line of credit not or notes (the "Notes"). The Notes shall bear interest at a rate not to exceed 12% per annum, and shall have maturities not to exceed 24 months. All such additional borrowing will be temporary, and repayment of the Notes will be made from proceeds of the Notes, the Bonds, certain EPA grants and other grans, construction charges, revenues of the District's Sewerage System or a combination of the foregoing.

The new rates to be charged by the District for sewer service are estimated not to exceed $5.40 per 1,000 gallons used, with a minimum monthly bill estimated not to exceed $10.80. On all accounts not paid in full within 20 days of date of bill, 10% will be added to the net amount shown. A one-time connection fee of $200.00 will be charged to each new user of the system.

On May 1st, 1990, the District will file its formal application to the Public Service Commission of West Virginia for approval of such rates and borrowing.

GREATER PAW PAW SANITARY DISTRICT
By Richard Valentine
Its Chairman

Times: March 1, 8, 1990.

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 31-1C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING OF BOARD AND MINUTES ON ADOPTION OF SUPPLEMENTAL AND AMENDATORY BOND RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, LEO DEMARY, 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 regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Greater Paw Paw Sanitary District met in regular session, pursuant to notice duly posted, on the 15th day of April, 1992, at Rivesville, West Virginia, at the hour of 5:00 p.m.

PRESENT:	Robert Yokley	-	Chairman and Member
	Gary Brownlee	-	Member
	Roderick A. Devison	-	District's Attorney
	Jack L. Oliver	-	District's Accountant
	Vincent A. Collins	-	Bond Counsel
	Francesca Tan	-	Bond Counsel
	Judith Celayir	-	Project Coordinator
	Tim Layman	-	Maintenance Manager
	Richard Valentine	-	Former Member
	Herbert Tennant	-	Former Member
ABSENT:	Leo DeMary	-	Secretary/Treasurer and Member

Robert Yokley, Chairman, presided and Gary Brownlee 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. The Chairman stated that the first order of business was to elect officers of the District for calendar year 1992 and the following people were nominated and elected to the following offices:

Chairman	-	Robert Yokley
Secretary/Treasurer	-	Leo DeMary

Next, the Chairman presented a proposed Supplemental and Amendatory Bond Resolution in writing entitled:

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GREATER PAW PAW SANITARY DISTRICT ADOPTED MARCH 31, 1987, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, DATED APRIL 7, 1987, IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,928,011 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $483,871 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, AND NOT MORE THAN $16,129 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Gary Brownlee, seconded by Robert Yokley, it was unanimously ordered that the said Supplemental and Amendatory Bond 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 1992 A AND SERIES 1992 B OF GREATER PAW PAW SANITARY DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Gary Brownlee, seconded by Robert Yokley, 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 22nd day of April, 1992.

Lisa D. Mary

Secretary, Greater Paw Paw Sanitary District, Public Service Board

04/16/92
PAWJ.P2
69154/90001

ALL STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-IC

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

April 28, 1992

Greater Paw Paw Sanitary District
Sewer Revenue Bonds, Series 1992 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned 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,

Steptoe & Johnson

STEPTOE & JOHNSON

Enclosures
04/16/92
8038.LTR
69154/90001

Form **8038-G** (Rev. October 1989)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Section 149(e)
▶ See separate instructions
(Use Form 8038-GC if the issue price is under $100,000)

OMB No. 1545-0720
Expires 5-31-92

Part I Reporting Authority

Check box if **Amended Return** ▶ ☐

1 Issuer's name: Greater Paw Paw Sanitary District

2 Issuer's employer identification number: 55-0671887

3 Number and street: P.O. Box 41

4 Report number: G1992 - 1

5 City or town, state, and ZIP code: Rivesville, West Virginia 26588

6 Date of issue: April 22, 1992

7 Name of Issue: Sewer Revenue Bonds, Series 1992 A

8 CUSIP Number: N/A

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

		Issue price
9	Check box if obligations are tax or other revenue anticipation bonds ▶ ☐	
10	Check box if obligations are in the form of a lease or installment sale ▶ ☐	
11	☐ Education	$
12	☐ Health and hospital	
13	☐ Transportation	
14	☐ Public safety	
15	☒ Environment (including sewage bonds)	483,871
16	☐ Housing	
17	☐ Utilities	
18	☐ Other. Describe (see Instructions) ▶	

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	10/01/2031	7.75%	$36,806	$36,806			
20	Entire issue			$483,871	$483,871	28.95 years	%	7.75 %

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

21	Proceeds used for accrued interest		21	-0-
22	Issue price of entire issue (enter line 20c)		22	$483,871
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 $10,000		
24	Proceeds used for credit enhancement	24 -0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25 $40,073		
26	Proceeds used to refund prior issues	26 -0-		
27	Total (add lines 23, 24, 25, and 26)		27	$50,073
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)		28	$433,798

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

29	Enter the remaining weighted average maturity of the bonds to be refunded ▶	years
30	Enter the last date on which the refunded bonds will be called ▶	
31	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

32	Enter the amount of the state volume cap allocated to the issue ▶	-0-
33	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶	-0-
34	Pooled financings:	
a	Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶	-0-
b	Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authand the date of the issue ▶ August 27, 1991	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Signature of officer: Robert Yokley

Date: April 22, 1992

Type or print name and title: Robert Yokley, Chairman

☆U.S. Government Printing Office: 1989-262-151/00019

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: April 22, 1992

(See Reverse for Instructions)

ISSUE: Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 A

ADDRESS: P.O. Box 391, Rivesville, WV 26588 COUNTY: Marion

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: April 22, 1992 CLOSING DATE: April 22, 1992

ISSUE AMOUNT: $ 483,871 RATE: 7.75%

1st DEBT SERVICE DUE: 10/01/92 1st PRINCIPAL DUE: 10/01/93

1st DEBT SERVICE AMOUNT: $16,562.50 PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins

Phone: 624-8000

CLOSING BANK: Community Bank & Trust, Natl. Association

Contact Person: Barry Dobson

Phone: 363-5800

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Robert Yokley

Position: District's Chairman

Phone: 278-7864

UNDERWRITERS

BOND COUNSEL: Jackson & Kelley

Contact Person: Samme L. Gee

Phone: 340-1318

ESCROW TRUSTEE: ____

Contact Person: ____

Phone: ____

OTHER: ____

Contact Person: ____

Function: ____

Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ 39,659
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

26A

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: April 22, 1992

(See Reverse for Instructions)

ISSUE: Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 B

ADDRESS: P.O. Box 391, Rivesville, WV 26588 COUNTY: Marion

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: April 22, 1992 CLOSING DATE: April 22, 1992

ISSUE AMOUNT: $ 16,129 RATE: 0%

1st DEBT SERVICE DUE: 10/01/93 1st PRINCIPAL DUE: 10/01/93

1st DEBT SERVICE AMOUNT: $414 PAYING AGENT: Municipal Bond Commission

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins
Phone: 624-8000

CLOSING BANK: Community Bank & Trust, Natl. Association
Contact Person: Barry Dobson
Phone: 363-5800

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Robert Yokley
Position: District's Chairman
Phone: 278-7864

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: 340-1318

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ 414
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

26B

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

CONSENT TO ISSUANCE OF COMPLETION BONDS

Pursuant to Section 7.07(B) of a Bond and Notes Resolution of Greater Paw Paw Sanitary District adopted March 31, 1987 (the "Resolution"), the West Virginia Water Development Authority hereby consents to the issuance of Parity Bonds (as defined in the Resolution) in the aggregate principal amount of $500,000 for the purpose of completing the Project described in the Resolution.

Dated this 22nd day of April, 1992.

Daniel B. Yankoski
Director
West Virginia Water Development
Authority

04/20/92
PAWJ.Q3
69154/90001

27

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-2C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Greater Paw Paw Sanitary District Sewer Revenue Bonds, Series 1992 A and Series 1992 B, all dated April 22, 1992, in the aggregate principal amount of $500,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 22nd day of April, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

04/16/92
PAWJ.R2
69154/90001

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ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

COMMUNITY BANK & TRUST, NATIONAL ASSOCIATION, a national banking corporation, 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 (the "District"), adopted March 31, 1987 and a Supplemental and Amendatory Bond Resolution of the District, adopted April 15, 1992, authorizing issuance of the District's Sewer Revenue Bonds, Series 1992 A and Series 1992 B, both dated April 22, 1992, in the aggregate principal amount of $500,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 22nd day of April, 1992.

COMMUNITY BANK & TRUST, NATIONAL ASSOCIATION

By _____
Its TRUST OFFICER

04/16/92
PAWJ.S2
69154/90001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Local Act and Registrar's Agreement providing for the $500,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B, of Greater Paw Paw Sanitary District (the "Issuer"), hereby certify that on the 22nd day of April, 1992, the single fully registered Series 1992 A Bond of the Issuer in the principal amount of $483,871 designated "Sewer Revenue Bond, Series 1992 A," numbered AR-1, and the single fully registered Series 1992 B Bond of the Issuer in the principal amount of $16,129 designated "Sewer Revenue Bond, Series 1992 B," numbered BR-1, were registered as to principal and interest (the Series 1992 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 22nd day of April, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corporate Trust Administrative Officer

04/16/92
PAWJ.T2
69154/90001

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ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-2C

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of April, 1992, by and between GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $500,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B, in fully registered form (collectively, the "Bonds"), pursuant to a Supplemental and Amendatory Bond Resolution adopted April 15, 1992, and a Supplemental Resolution adopted April 15, 1992 (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
P. O. Box 391
Rivesville, West Virginia 26588
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, GREATER PAW PAW SANITARY DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

GREATER PAW PAW SANITARY DISTRICT

By _____
Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

04/16/92
PAWJ.V2
69154/90001

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONE VALLEY BANK

GREATER PAW PAW SANITARY DISTRICT
ATTN: CHAIRMAN

DATE APRIL 22, 1992

UNITS	ITEM DESCRIPTION	TOTAL
	$500,000 PAR GREATER PAW PAW SANITARY DISTRICT 1992 SERIES A & B	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT	$500.00

869

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S. MORGAN

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1992 A, of Greater Paw Paw Sanitary District in the principal amount of $483,871, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: April 22, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

04/16/92
PAWJ.U2
69154/90001

ALL-STATE LEGAL SUPPLY CO.. 1-800-222-0510 ED 11-2C

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

MAY 08 1987

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:

You were advised by letter on 03/31/87, that the bidding procedures for Contracts A, B & C of the referenced project were approved and that the Contracts could be awarded to the low responsive bidder as indicated by the proposals you submitted.

In addition, EPA Form 5780-1B is approved with the following revisions:

	Item	For Grant Participation
A.	Construction	$
	1. Contract A	1,658,408
	2. Contract B	2,945,818
	3. Contract C	1,533,510
	Audio Video	8,054 1/
	Equipment	19,644 1/
B.	Technical Services	348,763 1/
C.	Legal & Fiscal	5,000
D.	Administrative	44,312 1/
E.	Contingency	306,886 2/
F.	Final Design Allowance	319,205
G.	TOTAL	$ 7,189,600

1/ Prorated at .9822
2/ Contingency reduced to reflect allowable amount to nearest $100 increment

As the revised eligible project cost is $7,189,600, the grant has been increased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed $5,500,310. The original and one copy of the Assistance Amendment reflecting the increase in Federal obligation are enclosed. Please execute the amendment and return the original, within twenty-one days of your receipt, to Mrs. Catherine A. Mastropieri, Chief, Grants Management Branch. The copy should be executed and retained for your files.

When the Contracts have been awarded, one executed copy of the construction agreements, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has conditions which require the submission and approval of certain documents to satisfy regulatory requirements of the program and which are enforced through the grant payment process. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in advance of the payment milestone specified in the Assistance Agreement.

In addition, you are requested to provide this office with the name and qualifications of the treatment plant operator prior to your request for a fifty (50) percent payment.

We are enclosing information sheets outlining the procedures to be followed in making contract modifications and for submitting partial payment requests.

Sincerely,

Robert J. Mitkus,
Acting Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Bernard G. Sampson

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE ~~AGREEMENT~~/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540218-02-1	Three-C
3. DATE OF AWARD	**4. MAILING DATE**
MAY 01 1987	MAY 08 1987

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To: Grants Management Branch	Augmentation/Increase
Assistance Amendment	X		

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

EIN NO.

CONGRESSIONAL DISTRICT
2nd

10. RECIPIENT TYPE
Public Service District

EPA CONTACT

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
Virginia-West Virginia Section
(215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202)382-5184	WV 830123-028	N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY
Clean Water Act, Title II	40 CFR Parts 30 & 35

21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*

a. Treatment Level	1
b. Project Type	NEW
c. Treatment Process	N/A
d. Sludge Design	N/A

22. PROJECT TITLE AND DESCRIPTION
Increase due to receipt of construction bids.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Greater Paw Paw	Marion	WV	2nd

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/84 - 04/89	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
5,190	N/A	7,189,600

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	5,154,180	+ 346,130	5,500,310
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	+ 505,900	7,189,600

39. FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deobligation Amount
GLDW80	84	68X0103.G	WA8404	4GLDO36006	41.11	-$ 33,300
GRAW80	86-C	68X0103.J	W86C12	NGRAO36006	41.11	+$379,430

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, B, C, and D, all of which are obsolete.

PART II–APPROVED BUDGET ASSISTANCE IDENTIFICATION NO. C-540218-02-1

TABLE A – OBJECT CLASS CATEGORY (Non–construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient_____%. Federal_____%)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE B – PROGRAM ELEMENT CLASSIFICATION (Non–construction)	
1.	
2.	
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12. TOTAL (Share: Recipient_____%. Federal_____%)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	Basic (75%)	Alternative (10%)
1. ADMINISTRATION EXPENSE	~~44,312~~	~~6,691~~
2. ~~XXXXXXXXXXXXXXXX~~ Legal & Fiscal	5,000	755
3. LAND STRUCTURES, RIGHT–OF–WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES	45,856	6,924
5. OTHER ARCHITECTURAL ENGINEERING FEES	86,823	13,110
6. PROJECT INSPECTION FEES	216,084	32,628
7. ~~XXXXXXXXXXXXX~~ Audio Visual	~~8,054~~	~~1,216~~
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT	~~6,137,736~~	925,307
12. ~~XXXXXXXXX~~	~~19,644~~	~~-0-~~
13. ~~XXXXXXXXXXXX~~ Final Design Allowance	319,205	48,199
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES	306,886	46,270
19. TOTAL (Share: Recipient 23.5 %. Federal 76.5 %)	7,189,600	1,081,100
20. TOTAL APPROVED ASSISTANCE AMOUNT Combined (5,500,310)	$ 5,392,200	108,110

AMENDED SCHEDULE A-1 - COMPLETION BONDS

NAME OF GOVERNMENTAL AGENCY: Greater Paw Paw Sanitary District DATE: October 31, 1991

A. Actual Cost of Project

	(ORIGINAL)		(ACTUAL)		COMPLETION BONDS (DIFFERENCE)	
1. Construction	$ 6,257,409		$ 7,944,900.79		$ (1,687,491.79)*	
2. Technical Services	$ 465,063		$ 587,573.96		$ (122,510.96)*	
3. Legal and Fiscal	$ 81,500		$ 54,920.00		$ 26,580.00	
4. Administrative	$ 54,000		$ 99,472.08		$ (45,492,08)*	
5. Site and Other Lands	$ 60,209		$ 114,854.91		$ (54,645.91)*	
6. Step I and/or Step II Design or Other Loan Repayment	$ 364,244		$ 489,209.67		$ (124,965.67)*	
7. Interim Financing Costs	$ 46,000		$ 49,648.18		$ (6,348.18)	
8. Contingency	$ 312,460		$ -0-		$ 312,460.00	
9. Total of Lines 1 through 8 and miscellaneous	$ 20,000	$ 7,660,885	$ 14,174.39	$ 9,355,313.98	$ 5,285.61	$ 1,694,428.98

B. Original Project Financing

10. Federal Grants	$ 5,500,300		$ 6,273,802		$ 773,562	
11. State Grants	$ 502,445		$ 502,445		$ -0-	
12. Other Grants SCBG (HUD)	$ -0-		$ 238,697.56		$ 238,697.56	
13. Any Other Source Tap Fees, Interest, Misc.	$ 72,351		$ 142,642.99		$ 70,291.99	
14. Total of Lines 10 through 13		$ 6,075,096		$ 7,157,587.55		$ 1,082,491.55
15. Amount Required to Complete Project (Line 9 less Line 14)		$ 1,585,789		$ 2,197,726.43		$ 611,937.43

C. Cost of Financing

16. Capitalized Interest (construction period plus six months)	$ 186,042		$ 48,215.95		$ 137,826.08	
17. Funded Reserve Account	$ 146,180		$ 146,139		$ 41.00	
18. Other Costs	$ 10,000		$ 20,877.84		$ (10,877.81)	
19. Total Cost of Financing		$ 342,222		$ 215,232.79		$ 126,989.21
20. Size of Bond Issue (Line 15 plus Line 19)		$ 1,928,011		$ 2,412,959.22		$ 484,948.22

Attach copy of Amended Schedule A.
Attach supporting documentation not previously submitted.
Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A-1.

Richard D. Valentine
(Name of Applicant)

James Saunders, P.E.
(Name of Engineer)

Jack L. Oliver
(Name of Independent Accountant)

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 indicted 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,

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

1. ASSISTANCE ID NO.	2. LOG NUMBER
540218-02-0	Three - C
3. DATE OF AWARD	**4. MAILING DATE**
SEP 28 1984	OCT 05 1984

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☑ Reimbursement ☐ Letter of Credit	
Grant Agreement	X	Send Payment Request To: Grants Management Section	Continuation
Assistance Amendment			

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

EIN NO.: N/A
CONGRESSIONAL DISTRICT: 2nd

10. RECIPIENT TYPE
Special Purpose District

EPA CONTACT

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.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT C Only)
Patricia Gaskins 202-382-5184	WV 830123-028	N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY
Clean Water Act, Title II	40 CFR, Parts 30 & 35

21. STEP 2 + 3 & STEP 3 (WWT Construction Only)

a. Treatment Level	1
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 (Areas Impacted by Project)

City/Place	County	State	Congressional District
Greater Paw Paw	Marion	WV	2nd

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/84 - 06/88	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
5,190	N/A	$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/Deoblig. Amou.
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

PART II—BUDGET DATA

TABLE A — BUDGET CLASS CATEGORY (Non-construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ____ % Federal ____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE B — PROGRAM ELEMENT CLASSIFICATION (Non-construction)	
1.	
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11.	
12. TOTAL (Share: Recipient ____ % Federal ____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE C — PROGRAM ELEMENT CLASSIFICATION (Construction)	Basic (75%)	Alternati (10%)
1. ADMINISTRATION EXPENSE	62,579	13,242
2. PRELIMINARY EXPENSE		
3. LAND STRUCTURES, RIGHT-OF-WAY	45,842	9,700
4. ARCHITECTURAL ENGINEERING BASIC FEES	86,804	18,368
5. OTHER ARCHITECTURAL ENGINEERING FEES	216,018	45,709
6. PROJECT INSPECTION FEES		
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	1,147,50
12. EQUIPMENT	20,000	4,23
13. [illegible] Design Allowance	286,436	60,61
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	114,73
18. ADD: CONTINGENCIES	6,683,700	1,414,10
19 TOTAL (Share: Recipient 22.9 % Federal 77.1 %)		
20. TOTAL APPROVED ASSISTANCE AMOUNT $5,154,180	$5,012,770	141,41

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:

Payment No.	Date	Payment	Cumulative Amount (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

Payment No.	Date	Payment	Cumulative Amount (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 service 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 meetir 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.

b. 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 uponan 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/~~XXXXXXXX~~ to the Greater Paw Paw Sanitary District (RECIPIENT ORGANIZATION) for 77.1 % of all approved costs incurred up to and not exceeding $ 5,154,180 (ASSISTANCE AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540218-02 Greater Paw Paw Sanitary District (TEXT AND TITLE) included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walmut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
[signature]	Thomas P. Eichler Regional Administrator	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	TYPED NAME AND TITLE	DATE
[signature]	Richard D. Valentine, Chairman	October 17, 1984

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

May 22, 1989

Mrs. Catherine A. Mastropieri, Chief
Grants Management Section
Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Greater Paw Paw
Sanitary District
C-540218-02-2

Dear Mrs. Mastropieri:

Transmitted are the Part B documents for Contracts A2, A4 and B4 of the referenced project. The State approves the bidding procedures and the request for grant increase in the amount of $729,100 reflecting a revised federal grant of $6,229,410, which includes $6,119,100 in conventional funds and $110,310 in alternative funds. The total eligible project cost is now $8,158,900.

The State certifies that sufficient reserves are available for federal participation.

Should you have any questions, please contact Rosalie Ortega of my staff at (304) 348-0637.

Sincerely,

CONSTRUCTION GRANTS BRANCH

Mike Johnson

Mike Johnson, P. E.
Branch Head

MJ/pfa

Enclosures

cc: Greater Paw Paw
Bernard G. Sampson
Bernie Yonkosky, WDA

U.S. ENVIRONMENTAL PROTECTION AGENCY

EPA ASSISTANCE AGREEMENT/AMENDMENT

PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540218-02-2	Three - C
3. DATE OF AWARD	**4. MAILING DATE**
JUL 10 1989	JUL 17 1989

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To: WV DNR Construction Grants Branch	Increase/Revision
Assistance Amendment	x		

RECIPIENT ORGANIZATION

8. RECIPIENT
Greater Paw Paw Sanitary District
P. O. Box 391
Rivesville, West Virginia 26588

9. PAYEE
Greater Paw Paw Sanitary District
P. O. Box 391
Rivesville, West Virginia 26588

EIN NO.: 540492320-A1

CONGRESSIONAL DISTRICT: 2nd

10. RECIPIENT TYPE: Public Service 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
Fairmont, West Virginia 26554
(304) 366-4450

EPA CONTACT

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Chuck Fogg, Chief
Municipal Wastewater Projects Section
(215) 597-4799

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202) 382-5184		N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*		
Clean Water Act, Title II	40 CFR Parts 30 & 35	a. Treatment Level	I	
		b. Project Type	NEW	
		c. Treatment Process	N/A	
		d. Sludge Design	N/A	

22. PROJECT TITLE AND DESCRIPTION
Additional construction of areas termed A2, A4, and B4.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Greater Paw Paw (Pleasant View)	Marion	WV	2nd

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/84 - 01/91	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
5,190	N/A	$8,158,900

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	5,500,310	+ 729,100	6,229,410
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	7,189,600	+ 969,300	8,158,900

39. FISC

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GVAW80	89	68X0103.M	W89005	9GVA036006	41.11	$726,900
GSAW80	87-R	68X0103.K	WA7R05	UGSA036006	41.11	$ 2,200

PART II–APPROVED BUDGET ASSISTANCE IDENTIFICATION NO. C-540218-02-2

TABLE A – OBJECT CLASS CATEGORY *(Non–construction)*	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL *(Share: Recipient_____%. Federal_____%)*	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE B – PROGRAM ELEMENT CLASSIFICATION *(Non–construction)*	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL *(Share: Recipient_____%. Federal_____%)*	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE C – PROGRAM ELEMENT CLASSIFICATION *(Construction)*	Basic (75%)	Alternative (10%)
1. ADMINISTRATION EXPENSE	70,515	9,512
2. ~~PROJECT PLANNING EXPENSE~~ Legal & Fiscal	5,849	789
3. LAND STRUCTURES, RIGHT–OF–WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES	59,310	8,001
5. OTHER ARCHITECTURAL ENGINEERING FEES	97,809	13,194
6. PROJECT INSPECTION FEES	267,064	36,027
7. ~~LAND DEVELOPMENT~~ Audio/Visual	11,372	1,534
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT	6,960,296	938,944
12. EQUIPMENT	19,498	–
13. ~~MISCELLANEOUS~~ Final Design Allowance	319,205	48,199
14. TOTAL *(Lines 1 thru 13)*		
15. ESTIMATED INCOME *(If applicable)*		
16. NET PROJECT AMOUNT *(Line 14 minus 15)*		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES	347,982	46,900
19. TOTAL *(Share: Recipient 23.7 %. Federal 76.3 %)*	8,158,900	1,103,100
20. TOTAL APPROVED ASSISTANCE AMOUNT Combined (6,229,410)	$6,119,100	110,310

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.)

A. Part III, Special Conditions 1b, 3, 7 and 16 are hereby deleted in their entirety and the following is substituted in lieu thereof:

"1b. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval	08/19/89
Operation and Maintenance Manual Approval	10/19/89

3. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

Failure of the grantee to initiate construction of all major contracts within 12 months of approval of plans and specifications will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

	Bid 1	Bid 2
Plans and Specifications approval	08/86	12/88
Bid Advertisement	10/86	12/88
Construction Contract Award	03/87	05/89
Construction Start (NTP)	03/87	05/89

7. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	01/90
Project Performance Certification	01/91
Final Payment Request	01/91

16. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	11/89
Preliminary Final Payment Request	01/90"

B. Part III, Special Conditions, is hereby amended by adding the following:

"20. Eligibility Agreement

The grantee and the Environmental Protection Agency agree, pursuant to section 203(a)(2) of the Clean Water Act, that only those items specified in the project description (scope) portion of the grant agreement are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs)."

C. Part III, Special Conditions 1d is hereby deleted in its entirety.

All other terms and conditions remain unchanged.

b. SPECIAL CONDITIONS *(Continued)*

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

~~assistance~~/amendment to the Greater Paw Paw Sanitary District
RECIPIENT ORGANIZATION

for 76.3 % of all approved costs incurred up to and not exceeding $ 6,229,410
ASSISTANCE AMOUNT

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.
DATE AND TITLE

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM71) 841 Chestnut Building Philadelphia, Pennsylvania 19107	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Edwin B. Erickson	Edwin B. Erickson, Regional Administrator	JUL 10 1989

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
Richard D. Slade		7-24-89

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

JUL 17 1989

CERTIFIED MAIL

RE: C-540218-02
Greater Paw Paw
Sanitary District

Mr. Richard D. Valentine, Chairman
Greater Paw Paw Sanitary District
P. O. Box 391
Rivesville, West Virginia 26588

Dear Mr. Valentine:

Per the telephone conversation on May 7, 1989 between Tom Goodwin of the West Virginia Department of Natural Resources and Gary Pratt of Bernard G. Sampson Engineers, you were advised that the bidding procedures for Contracts A2, A4 and B4 of the referenced project were approved, and that the Contracts could be awarded to the low responsive bidder as indicated by the proposals you submitted.

In addition, EPA Form 5780-1B is approved with the following revisions:

	Item	For Grant Participation
A.	Construction Contracts A2,A4,B4	$ 6,960,296
B.	Technical Services	424,183 1/
C.	Legal & Fiscal	5,849 2/
D.	Administrative	70,515 2/
E.	Equipment	19,498 2/
F.	Audio/Visual	11,372 2/
G.	Contingency	347,982 3/
H.	Final Design Allowance	319,205
	TOTAL	$ 8,158,900

1/ calculated based on approved A/E fees and a PRF of .9749
2/ calculated based on PRF of .9749
3/ adjusted to reflect even total

331

As the revised eligible project cost is $8,158,900, the grant has been increased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed $6,229,410. The original and one copy of the Assistance Amendment reflecting the increase in Federal obligation are enclosed. Please execute the amendment and return the original, within twenty-one days of your receipt, to Mrs. Catherine A. Mastropieri, Chief, Grants Management Section. The copy should be executed and retained for your files.

When the contracts have been awarded, one executed copy of the construction agreements, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has as a condition the submission, prior to final inspection, of an acceptable plan for providing proper and efficient operation and maintenance of the facilities to be constructed. It is requested that three copies of this plan be submitted to the State Agency for approval as soon as possible in order that our review be made prior to your request for final inspection.

We are enclosing information sheets outlining the procedures to be followed in making contract modifications and for submitting partial payment request.

Sincerely,

Robert J. Matthews Deputy

Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Bernie Yonkosky, WDA
Bernard G. Sampson

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

CERTIFIED MAIL

Mr. Richard D. Valentine, Chairman
Greater Paw Paw Sanitary District
Post Office Box 391
Rivesville, West Virginia 26264

AUG 7 1990

Re: C-540218-02
Greater Paw Paw Sanitary District

Dear Mr. Valentine:

In accordance with a request by the West Virginia Division of Natural Resources, we are pleased to inform you of a grant increase in the amount of $44,392, based upon the review of the final payment package for the referenced project. Total Federal participation in the project is now $6,273,802.

The original and a copy of the Assistance Amendment Number Three are enclosed. The original copy of the amendment should be signed and returned to Mr. Frederick Warren, Chief, Grants Management Section (3PM71), within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Alvin R. Morris, Director
Water Management Division

Enclosure
As Stated

cc: Mr. Mike Johnson, WVDNR
Mr. Bernie Yonkosky, WDA
Region VI P&D Council

Form Approved OMB No. 2010-0004 Approval expires 8

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE ~~AGREEMENT~~/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540218-02-3	Three - C
3. DATE OF AWARD	**4. MAILING DATE**
JUL 31 1990	AUG 7 1990

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To: WVDNR Construction Assistance Branch	Increase/Augmentation
Assistance Amendment	X		

RECIPIENT ORGANIZATION

8. RECIPIENT
Greater Paw Paw Sanitary District
P.O. Box 391
Rivesville, WV 26588

9. PAYEE
Greater Paw Paw Sanitary District
c/o Trust Department
Community Bank & Trust
120 Adams Street
Fairmont, WV 26554

EIN NO.: 540492320-A1
CONGRESSIONAL DISTRICT: 2nd

10. RECIPIENT TYPE: Sanitary District

11. PROJECT MANAGER AND TELEPHONE NO.
Richard D. Valentine, Chairman
(304) 278-5301

12. CONSULTANT *(WWT Construction Grants Only)*
B.G. Sampson Co., Inc.
P.O. Box 368
Fairmont, WV 26554
(304) 366-4450

EPA CONTACT

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Lee Murphy, Chief
Southwest Projects Section
(215) 597-3847

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202) 382-5184		N/A	II/III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*	
Clean Water Act, Title II	40 CFR Parts 30,33 & 35	a. Treatment Level	1
		b. Project Type	NEW
		c. Treatment Process	N/A
		d. Sludge Design	N/A

22. PROJECT TITLE AND DESCRIPTION
Increase based upon review of final payment package and final inspection.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Pleasant View	Marion	WV	N/A

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/84 - 04/90	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
5190	N/A	6,217,360

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	6,229,410	44,392	6,273,802
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	6,158,900	58,460	6,217,360

FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amt
GXAW80	90	68X0103.N	W90008	0GXA036006	41.11	$43,920
GWRW80	77-88	68X0103.X	WAR807	ZGWR036006	41.11	$ 472

U.S. ENVIRONMENTAL PROTECTION AGENCY

ASSISTANCE AMENDMENT

(Optional)

(Please read instructions on reverse)

ASSISTANCE I.D. NO. C-540218-02

AMENDMENT NO. 3

NOTE: The original Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters assistance awards and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt or within any extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of the Amendment may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

GENERAL INFORMATION

APPROPRIATION AND ACCOUNTING DATA

APPROPRIATION NUMBER	ACCOUNT NUMBER	OBJECT CLASS CODE

DESCRIPTION OF AMENDMENT: PURSUANT TO EPA ASSISTANCE REGULATION 40 CFR 30.900 "PROJECT CHANGES AND ASSISTANCE MODIFICATIONS" AND 40 CFR 30.900-1 "FORMAL ASSISTANCE AMENDMENTS," THE ABOVE NUMBERED ASSISTANCE AGREEMENT IS AMENDED AS FOLLOWS:

Increase grant amount by $44,392, from $6,229,410 to $6,273,802, based upon the final eligible costs as determined by the review of the final payment package.

The total eligible costs are as follows:

	Basic (75%)	Alternative (10%)
Administration	78,600	10,548
Legal & Fiscal	4,192	563
Basic A/E Fees	54,891	7,366
Other A/E Fees	87,084	11,687
Inspection Fees	326,133	43,767
Construction	7,347,255	985,693
Final Design Allowance	319,205	48,199
Total	8,217,360	1,107,823
EPA Share	6,163,020	110,782
Total Federal share @ 76.3%	6,273,802	

All other terms and conditions remain unchanged.

AWARD APPROVAL OFFICE	ISSUING OFFICE
ORGANIZATION: Water Management Division (3WM00)	ORGANIZATION: Grants Management Section (3PM71)
ADDRESS: Environmental Protection Agency 841 Chestnut Building Philadelphia, Pennsylvania 19107	ADDRESS: Environmental Protection Agency 841 Chestnut Building Philadelphia, Pennsylvania 19107

RECIPIENT ORGANIZATION

NAME	ADDRESS
Greater Paw Paw Sanitary District	Post Office Box 391 Rivesville, WV 26264

Except as provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and in full force and effect and subject to all applicable provisions of 40 CFR Chapter 1, Subpart B.

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	Edwin B. Erickson, Regional Administrator	JUL 31 1990

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
	Richard D. Valentine	August 15, 19[illegible]

PREVIOUS EDITION IS OBSOLETE.

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

Prozzillo, Raymond
GOCID/SCBG

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

January 7, 1988

The Honorable Raymond Prozzillo
President
Marion County Commission
200 Jackson Street
Fairmont, West Virginia 26554

Dear Commissioner Prozzillo:

I am pleased to confirm my approval of your Small Cities Block Grant application in the amount of $323,500 to the Marion County Commission. These funds will enable you to extend sewer service to the Pleasant View area of Marion County.

In order to most effectively use the limited dollars available, I hereby commit $191,000 from our FY 1987 allocation which will be immediately available to you. The remaining $132,500 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to immediately expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with great pleasure that I am able to work with you to make this improvement a reality for the citizens of Pleasant View.

Sincerely yours,

Arch

Arch A. Moore, Jr.
Governor

AAMJr:jp

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ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-2C

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:

Parties	Reserved	Actual Percentage	Cost Sharing Percentage
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
	6.00	100.00%	100.00%

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 tarrif- The parties hereto agree that at the appropriate time the Public Service Commission will be asked to approve this CONTRACT and appropriate tarrif 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 ir 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:

(I) 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 norifying 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

SEAL

By: Edwin C. Daley
Edwin C. Daley, City Manager

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

GREATER PAW PAW SANITARY DISTRICT

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, 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.

Approved as to correctness of form and content for the Greater Paw Paw Sanitary District this the 29th day of Septeber, 1986.

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 Septeber, 1986, have acknowledged the same before me in my said County this the 29th day of Septeber, 1986.

Notary Public

My Commission Expires:

1/20/92