

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)**

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS,
SERIES 1995 A AND SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$289,532 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$1,080,088 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer does not presently own or operate a public sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of not more than \$6,400,074, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1995 C Bonds Resolution (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the aggregate principal amount of not more than \$1,500,000 in two series, consisting of the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) (the "Series 1995 A Bonds") and the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority) (the "Series 1995 B Bonds" and together with the Series 1995 A Bonds, herein called the "Bonds"), each series initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness

incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. The Series 1995 A Bonds and Series 1995 B Bonds shall be issued concurrently and on a parity as to liens, pledge and source of and security for payment. In addition, there will be issued concurrently with the Bonds, on the Closing Date, additional obligations of the Issuer which rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program) (the "Series 1995 C Bonds"), to be issued pursuant to a separate resolution adopted by the Issuer simultaneously herewith on December 6, 1995 (the "Series 1995 C Bonds Resolution"). Other than the Bonds and the Series 1995 C Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of 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 Registered Owners 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, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, 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 and Registered Owner of the Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1995 C Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

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

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

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

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

"Consulting Engineers" means L. Robert Kimball & Associates, Inc., Moon Township, Pennsylvania, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

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

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, 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, the SRF Administrative Fee (as defined in the Series 1995 C Bonds Resolution) fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or the Series 1995 C Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease

in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity designated as such for the Bonds in a Supplemental Resolution with the written consent of the Authority and the DEP.

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

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

"Project" means the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities.

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

- (a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

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

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

"Series 1995 A Bonds" means the not more than \$289,532 aggregate principal amount of Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

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

"Series 1995 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 1995 A Bonds in the then current or any succeeding year.

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

"Series 1995 B Bonds" means the not more than \$1,080,088 aggregate principal amount of Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

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

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

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

"Series 1995 C Bonds" means the not more than \$883,974 aggregate principal amount of Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer.

"Series 1995 C Bonds Construction Trust Fund" means the Series 1995 C Bonds Construction Trust Fund pursuant to Section 5.01 of the Series 1995 C Bonds Resolution.

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

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

"Series 1995 C Bonds Resolution" means the resolution of the Issuer adopted simultaneously herewith on December 6, 1995, authorizing the Series 1995 C Bonds.

"Series 1995 C Bonds Sinking Fund" means the Series 1995 C Bonds Sinking Fund established by Section 5.02 of the Series 1995 C Bonds Resolution.

"Sinking Funds" means, collectively, the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers

specifically to the supplemental resolution or resolutions authorizing the sale of the Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Series 1995 C Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$6,400,074, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed \$6,400,074, of which approximately \$289,532 will be obtained from proceeds of the Series 1995 A Bonds, approximately \$1,080,088 will be obtained from proceeds of the Series 1995 B Bonds, approximately \$883,974 will be obtained from proceeds of the Series 1995 C Bonds, approximately \$3,990,230 from a grant by the United States Environmental Protection Agency, and approximately \$156,250 from the funds of the Issuer.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds, funding reserve accounts for the Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Bonds of the Issuer. The Series 1995 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority)," in the principal amount of not more than \$289,532, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1995 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority)", in the principal amount of not more than \$1,080,088, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Bonds, if any, shall be deposited in or credited to the Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The 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 or its 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 Bonds shall be issued in the form of a single bond of each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the net interest cost amount on the exchanged Bonds shall not exceed the net interest cost amount on the Bonds being

exchanged; and provided further that, the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

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 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 3.10 hereof 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 the Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The 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 Sinking Funds and the Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1995 A Bonds and Series 1995 B 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 each other and with the lien on the Net Revenues in favor of the Holders of the Series 1995 C 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 all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

(FORM OF SERIES 1995 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock 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 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 _____, 199 _____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 199 ____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED _____, 199____, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 B Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 1995 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 B Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 B Bonds and Series 1995 C 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 and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199 ____.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199__.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 1995 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock 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 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 _____, 199____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED _____, 199___, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 A Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 A Bonds and Series 1995 C 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 and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199__.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Construction Trust Fund;
- (4) Series 1995 C Bonds Construction Trust Fund (established by the Series 1995 C Bonds Resolution); and
- (5) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1995 C Bonds Resolution) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1995 A Bonds Sinking Fund;
- (2) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account;
- (3) Series 1995 B Bonds Sinking Fund;
- (4) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account;
- (5) Series 1995 C Bonds Sinking Fund (established by the Series 1995 C Bonds Resolution); and
- (6) Within the Series 1995 C Bonds Sinking Fund, the Series 1995 C Bonds Reserve Account (established by the Series 1995 C Bonds Resolution).

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 in the Series 1995 C Bonds Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Series 1995 C Bonds Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month transfer from the Revenue Fund and disburse as required the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 7 months prior to the first date of payment of interest on the Series 1995 A Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 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 1995 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, (ii) commencing 7 months prior to the first date of payment of interest on the Series 1995 B Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 B 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, (iii) commencing 13 months prior to the first date of payment of principal of the Series 1995 A Bonds, remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 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

of principal coming due on such date, (iv) commencing 13 months prior to the first date of payment of principal of the Series 1995 B Bonds, remit to the Commission for deposit in the Series 1995 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 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, and (v) remit to the Commission the amounts required by the Series 1995 C Bonds Resolution to be deposited in the Series 1995 C Bonds Sinking Fund for payment of the principal of and interest, if any, on the Series 1995 C Bonds.

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

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account or the Series 1995 C Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

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

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Funds and the Reserve Accounts (if equal to at least the Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Bonds, and then to the next ensuing principal payment due thereon.

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

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 funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal

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

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

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

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

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

Except with respect to transfers to the Rebate Fund permitted hereunder, the Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 5.03 of the Series 1995 C Bonds Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

I. All Tap Fees shall be deposited pro rata, by the Issuer, as received, in the Construction Trust Fund and Series 1995 C Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Sinking Funds, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the 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 Bonds or from other funds available to the Issuer, there shall be deposited with the Commission in the Reserve Accounts, the amount, if any, set forth in the Supplemental Resolution for funding the Reserve Accounts.

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

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Fund (except for the costs

of issuance of the 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 Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the 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 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 Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Construction Trust Fund to the Reserve Accounts, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Reserve Accounts and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Funds. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the 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 the Bonds or the interest thereon is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1995 A Bonds and Series 1995 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with each other and with the lien on said Net Revenues in favor of the Holders of the Series 1995 C Bonds. The Net 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 all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of sewer rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia or entered November 1, 1995, in Case No. 90-558-PSD-CN (Reopened), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect

to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata with respect to the principal amount of each of the Bonds then Outstanding, 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 in such manner. Any balance remaining after the payment of all Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. 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 for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. 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 Bonds.

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

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

amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution or the Series 1995 C Resolution then Outstanding;
and
- (3) The Parity Bonds then proposed to be issued.

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

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

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

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

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of

a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 C Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Bonds, including the Series 1995 C 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 a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 C Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission order described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, within 30 days of adoption thereof, and shall

make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

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

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

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

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

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

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

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. 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 Division 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 Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public

Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. 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 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 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, or if the 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 to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

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

Section 7.20. 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 on a parity with the statutory mortgage lien in favor of the Holders of the Series 1995 C Bonds.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

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

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

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

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

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

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

ARTICLE IX

DEFAULT AND REMEDIES

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

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the 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, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Series 1995 C Bonds or the Series 1995 C Bonds Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Bonds shall be on a parity with the Holders of the Series 1995 C Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any

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

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the 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 Bonds from gross income for federal income tax purposes.

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Bonds from gross income of the Holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Series 1995 C Bonds Resolution, the more restrictive provision shall control.

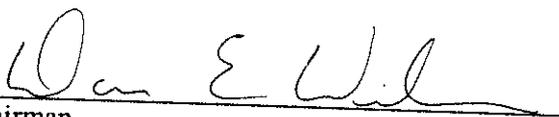
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

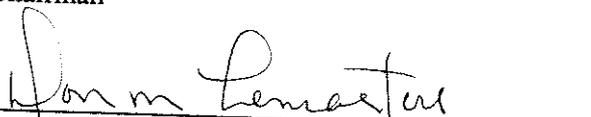
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Hancock County Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Bonds to be issued;
- (b) The maximum interest rate and terms of the Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 6th day of December, 1995.


Chairman


Member

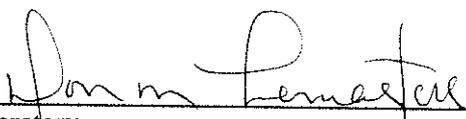
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]


Secretary

12/04/95
HANJM.A4
373520/90001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority)
and Series 1995 B (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

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

WHEREAS, the Public Service Board (the "Governing Body") of Hancock County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 6, 1995 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$289,532 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$1,080,088 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY);

PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) and Series 1995 B (West Virginia Water Development Authority), of the Issuer (collectively, the "Bonds" and individually, the "Series 1995 A Bonds" and the "Series 1995 B Bonds"), in the respective aggregate principal amounts not to exceed \$289,532 (Series 1995 A Bonds) and \$1,080,088 (Series 1995 B Bonds), and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal

payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

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

A. The Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$289,532. The Series 1995 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, and shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 A Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2033, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 A Bonds. The Series 1995 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1995 A Bonds. The Issuer shall, if requested by the Authority, exchange the Series 1995 A Bond for one or more series of Bonds as provided herein and in the Bond Resolution; provided that, the aggregate principal amount and the net interest cost amount of the exchanged Bonds do not exceed \$289,532 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments.

B. The Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,080,088. The Series 1995 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, and shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 B Bonds. The Series 1995 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1995 B Bonds. The Issuer shall, if requested by the Authority, exchange the Series 1995 B Bond for one or more series of Bonds as provided herein and in the Bond Resolution; provided that, the aggregate principal amount and the net interest

cost amount of the exchanged Bonds do not exceed \$1,080,088 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint United National Bank, Weirton, West Virginia, as Depository Bank under the Bond Resolution.

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

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

Section 9. Series 1995 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1995 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Bonds shall be deposited in or credited to the Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about December 7, 1995, to the Authority pursuant to the Loan Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are 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 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

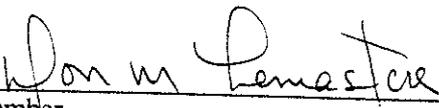
Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT


Chairman


Member

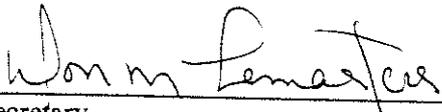
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]


Secretary

12/04/95
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373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority)
and Series 1995 B (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

WHEREAS, the Public Service Board (the "Governing Body") of Hancock County Public Service District (the "Issuer"), has duly and officially adopted a supplemental resolution, effective December 6, 1995 (the "Prior Supplemental Resolution"), entitled:

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

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

WHEREAS, the Prior Supplemental Resolution provides that the Issuer shall, if requested by the Authority, exchange the Series 1995 B Bond for one or more series of Bonds; provided that, the aggregate principal amount and the net interest cost amount of the exchanged Bonds do not exceed \$1,080,088 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments;

WHEREAS, the Authority has requested the Issuer to exchange the Series 1995 B Bond delivered on December 7, 1995, for another fully registered Bond of the same series in the aggregate principal amount of \$1,080,088 at a net interest cost of 6.25%; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted to approve the exchange of the Series 1995 B Bond;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Prior Supplemental Resolution and the Act, this Supplemental Resolution is hereby adopted. The Issuer is hereby authorized and ordered to exchange the Series 1995 B Bond delivered on December 7, 1995, for the following bond of the Issuer:

The Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,080,088. The Series 1995 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, and shall bear interest at the rate of 6.25% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 B Bonds. The Series 1995 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1995 B Bonds.

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

Section 3. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the exchange of the Series 1995 B Bond, to the end that the exchanged Bonds may be delivered on or about January 9, 1996, to the Authority. The Chairman is hereby authorized to make any adjustments to the accounts established for the Bonds at the West Virginia Municipal Bond Commission.

Adopted this 6th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT


Chairman


Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]


Secretary

12/04/95
HANJM.G5
373520/90001

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").

HANCOCK COUNTY PUBLIC SERVICE DISTRICT (1995 Series A)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal 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.

Hancock County PSD
[Proper Name of Governmental Agency]

(SEAL)

By: W. E. Wil

Its: Chairman

Attest:

Date: December 7, 1995

Don M. Hemster

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Yankoski
Director

Attest:

Date: December 7, 1995

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

WITNESS my signature on this ____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

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

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>289,532</u>
Purchase Price of Local Bonds	\$ <u>289,532</u>

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

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
HANCOCK COUNTY PSD

Dated Date 12/07/1995
Delivery Date 12/07/1995

\$ 289,532

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Dec 7, 1995	-	-	-	-	-
Apr 1, 1996	-	-	6,188.75	6,188.75	-
Oct 1, 1996	-	-	9,771.71	9,771.71	15,960.46
Apr 1, 1997	-	-	9,771.71	9,771.71	-
Oct 1, 1997	1,914.00	6.750%	9,771.71	11,685.71	21,457.42
Apr 1, 1998	-	-	9,707.11	9,707.11	-
Oct 1, 1998	2,043.00	6.750%	9,707.11	11,750.11	21,457.22
Apr 1, 1999	-	-	9,638.16	9,638.16	-
Oct 1, 1999	2,181.00	6.750%	9,638.16	11,819.16	21,457.32
Apr 1, 2000	-	-	9,564.55	9,564.55	-
Oct 1, 2000	2,328.00	6.750%	9,564.55	11,892.55	21,457.10
Apr 1, 2001	-	-	9,485.98	9,485.98	-
Oct 1, 2001	2,486.00	6.750%	9,485.98	11,971.98	21,457.96
Apr 1, 2002	-	-	9,402.08	9,402.08	-
Oct 1, 2002	2,653.00	6.750%	9,402.08	12,055.08	21,457.16
Apr 1, 2003	-	-	9,312.54	9,312.54	-
Oct 1, 2003	2,832.00	6.750%	9,312.54	12,144.54	21,457.08
Apr 1, 2004	-	-	9,216.96	9,216.96	-
Oct 1, 2004	3,024.00	6.750%	9,216.96	12,240.96	21,457.92
Apr 1, 2005	-	-	9,114.90	9,114.90	-
Oct 1, 2005	3,228.00	6.750%	9,114.90	12,342.90	21,457.80
Apr 1, 2006	-	-	9,005.95	9,005.95	-
Oct 1, 2006	3,446.00	6.750%	9,005.95	12,451.95	21,457.90
Apr 1, 2007	-	-	8,889.65	8,889.65	-
Oct 1, 2007	3,678.00	6.750%	8,889.65	12,567.65	21,457.30
Apr 1, 2008	-	-	8,765.52	8,765.52	-
Oct 1, 2008	3,927.00	6.750%	8,765.52	12,692.52	21,458.04
Apr 1, 2009	-	-	8,632.98	8,632.98	-
Oct 1, 2009	4,192.00	6.750%	8,632.98	12,824.98	21,457.96
Apr 1, 2010	-	-	8,491.50	8,491.50	-
Oct 1, 2010	4,475.00	6.750%	8,491.50	12,966.50	21,458.00
Apr 1, 2011	-	-	8,340.47	8,340.47	-
Oct 1, 2011	4,777.00	6.750%	8,340.47	13,117.47	21,457.94
Apr 1, 2012	-	-	8,179.25	8,179.25	-
Oct 1, 2012	5,099.00	6.750%	8,179.25	13,278.25	21,457.50
Apr 1, 2013	-	-	8,007.15	8,007.15	-
Oct 1, 2013	5,443.00	6.750%	8,007.15	13,450.15	21,457.30
Apr 1, 2014	-	-	7,823.45	7,823.45	-
Oct 1, 2014	5,811.00	6.750%	7,823.45	13,634.45	21,457.90
Apr 1, 2015	-	-	7,627.33	7,627.33	-
Oct 1, 2015	6,203.00	6.750%	7,627.33	13,830.33	21,457.66
Apr 1, 2016	-	-	7,417.98	7,417.98	-
Oct 1, 2016	6,621.00	6.750%	7,417.98	14,038.98	21,456.96
Apr 1, 2017	-	-	7,194.52	7,194.52	-
Oct 1, 2017	7,068.00	6.750%	7,194.52	14,262.52	21,457.04
Apr 1, 2018	-	-	6,955.98	6,955.98	-
Oct 1, 2018	7,546.00	6.750%	6,955.98	14,501.98	21,457.96
Apr 1, 2019	-	-	6,701.30	6,701.30	-
Oct 1, 2019	8,055.00	6.750%	6,701.30	14,756.30	21,457.60
Apr 1, 2020	-	-	6,429.44	6,429.44	-
Oct 1, 2020	8,599.00	6.750%	6,429.44	15,028.44	21,457.88
Apr 1, 2021	-	-	6,139.23	6,139.23	-
Oct 1, 2021	9,179.00	6.750%	6,139.23	15,318.23	21,457.46
Apr 1, 2022	-	-	5,829.44	5,829.44	-

BOND DEBT SERVICE

West Virginia Water Development Authority
HANCOCK COUNTY

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	9,798.00	6.750%	5,829.44	15,627.44	21,456.88
Apr 1, 2023	-	-	5,498.75	5,498.75	-
Oct 1, 2023	10,460.00	6.750%	5,498.75	15,958.75	21,457.50
Apr 1, 2024	-	-	5,145.73	5,145.73	-
Oct 1, 2024	11,166.00	6.750%	5,145.73	16,311.73	21,457.46
Apr 1, 2025	-	-	4,768.88	4,768.88	-
Oct 1, 2025	11,920.00	6.750%	4,768.88	16,688.88	21,457.76
Apr 1, 2026	-	-	4,366.58	4,366.58	-
Oct 1, 2026	12,724.00	6.750%	4,366.58	17,090.58	21,457.16
Apr 1, 2027	-	-	3,937.14	3,937.14	-
Oct 1, 2027	13,583.00	6.750%	3,937.14	17,520.14	21,457.28
Apr 1, 2028	-	-	3,478.71	3,478.71	-
Oct 1, 2028	14,500.00	6.750%	3,478.71	17,978.71	21,457.42
Apr 1, 2029	-	-	2,989.34	2,989.34	-
Oct 1, 2029	15,479.00	6.750%	2,989.34	18,468.34	21,457.68
Apr 1, 2030	-	-	2,466.92	2,466.92	-
Oct 1, 2030	16,524.00	6.750%	2,466.92	18,990.92	21,457.84
Apr 1, 2031	-	-	1,909.24	1,909.24	-
Oct 1, 2031	17,639.00	6.750%	1,909.24	19,548.24	21,457.48
Apr 1, 2032	-	-	1,313.92	1,313.92	-
Oct 1, 2032	18,830.00	6.750%	1,313.92	20,143.92	21,457.84
Apr 1, 2033	-	-	678.41	678.41	-
Oct 1, 2033	20,101.00	6.750%	678.41	20,779.41	21,457.82
	289,532.00		520,357.96	809,889.96	809,889.96

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 Environmental Protection 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 Environmental Protection 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.

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").

HANCOCK COUNTY PUBLIC SERVICE DISTRICT (1995 Series B)
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal 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.

Hancock County PSD
[Proper Name of Governmental Agency]

(SEAL)

By: Don E. Wil

Its: Chairman

Date: December 7, 1995

Attest: John L. Penney

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Garkoski
Director

Attest: Barbara B. Meadows
Secretary-Treasurer

Date: December 7, 1995

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. The Bonds are being issued for the purpose of _____

(the "Project").

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

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

WITNESS my signature on this ____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$1,080,088</u>
Purchase Price of Local Bonds	<u>\$1,080,088</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.25 % 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:

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1995 SERIES B LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Dev Auth Series 1995B Loans
Hancock County Public Service District

Dated Date 1/09/1996

Delivery Date 1/09/1996

\$1,080,088

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jan 9, 1996	-	-	-	-	-
Apr 1, 1996	-	-	15,376.25	15,376.25	-
Oct 1, 1996	-	-	33,752.75	33,752.75	49,129.00
Apr 1, 1997	-	-	33,752.75	33,752.75	-
Oct 1, 1997	7,004.70	6.250%	33,752.75	40,757.45	74,510.20
Apr 1, 1998	-	-	33,533.85	33,533.85	-
Oct 1, 1998	7,442.50	6.250%	33,533.85	40,976.35	74,510.20
Apr 1, 1999	-	-	33,301.28	33,301.28	-
Oct 1, 1999	7,907.60	6.250%	33,301.28	41,208.88	74,510.16
Apr 1, 2000	-	-	33,054.16	33,054.16	-
Oct 1, 2000	8,401.80	6.250%	33,054.16	41,455.96	74,510.12
Apr 1, 2001	-	-	32,791.61	32,791.61	-
Oct 1, 2001	8,926.90	6.250%	32,791.61	41,718.51	74,510.12
Apr 1, 2002	-	-	32,512.64	32,512.64	-
Oct 1, 2002	9,484.90	6.250%	32,512.64	41,997.54	74,510.18
Apr 1, 2003	-	-	32,216.24	32,216.24	-
Oct 1, 2003	10,077.70	6.250%	32,216.24	42,293.94	74,510.18
Apr 1, 2004	-	-	31,901.31	31,901.31	-
Oct 1, 2004	10,707.50	6.250%	31,901.31	42,608.81	74,510.12
Apr 1, 2005	-	-	31,566.70	31,566.70	-
Oct 1, 2005	11,376.80	6.250%	31,566.70	42,943.50	74,510.20
Apr 1, 2006	-	-	31,211.18	31,211.18	-
Oct 1, 2006	12,087.80	6.250%	31,211.18	43,298.98	74,510.16
Apr 1, 2007	-	-	30,833.43	30,833.43	-
Oct 1, 2007	12,843.30	6.250%	30,833.43	43,676.73	74,510.16
Apr 1, 2008	-	-	30,432.08	30,432.08	-
Oct 1, 2008	13,646.00	6.250%	30,432.08	44,078.08	74,510.16
Apr 1, 2009	-	-	30,005.64	30,005.64	-
Oct 1, 2009	14,498.90	6.250%	30,005.64	44,504.54	74,510.18
Apr 1, 2010	-	-	29,552.55	29,552.55	-
Oct 1, 2010	15,405.00	6.250%	29,552.55	44,957.55	74,510.10
Apr 1, 2011	-	-	29,071.14	29,071.14	-
Oct 1, 2011	16,367.90	6.250%	29,071.14	45,439.04	74,510.18
Apr 1, 2012	-	-	28,559.65	28,559.65	-
Oct 1, 2012	17,390.90	6.250%	28,559.65	45,950.55	74,510.20
Apr 1, 2013	-	-	28,016.18	28,016.18	-
Oct 1, 2013	18,477.80	6.250%	28,016.18	46,493.98	74,510.16
Apr 1, 2014	-	-	27,438.75	27,438.75	-
Oct 1, 2014	19,632.60	6.250%	27,438.75	47,071.35	74,510.10
Apr 1, 2015	-	-	26,825.23	26,825.23	-
Oct 1, 2015	20,859.70	6.250%	26,825.23	47,684.93	74,510.16
Apr 1, 2016	-	-	26,173.37	26,173.37	-
Oct 1, 2016	22,163.40	6.250%	26,173.37	48,336.77	74,510.14
Apr 1, 2017	-	-	25,480.76	25,480.76	-
Oct 1, 2017	23,548.60	6.250%	25,480.76	49,029.36	74,510.12
Apr 1, 2018	-	-	24,744.87	24,744.87	-
Oct 1, 2018	25,020.40	6.250%	24,744.87	49,765.27	74,510.14
Apr 1, 2019	-	-	23,962.98	23,962.98	-
Oct 1, 2019	26,584.20	6.250%	23,962.98	50,547.18	74,510.16
Apr 1, 2020	-	-	23,132.22	23,132.22	-
Oct 1, 2020	28,245.70	6.250%	23,132.22	51,377.92	74,510.14
Apr 1, 2021	-	-	22,249.54	22,249.54	-
Oct 1, 2021	30,011.10	6.250%	22,249.54	52,260.64	74,510.18
Apr 1, 2022	-	-	21,311.70	21,311.70	-

BOND DEBT SERVICE

West Virginia Water Dev Auth Series 1995B Loans
Hancock County Public Service District

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	31,886.80	6.250%	21,311.70	53,198.50	74,510.20
Apr 1, 2023	-	-	20,315.23	20,315.23	-
Oct 1, 2023	33,879.70	6.250%	20,315.23	54,194.93	74,510.16
Apr 1, 2024	-	-	19,256.49	19,256.49	-
Oct 1, 2024	35,997.10	6.250%	19,256.49	55,253.59	74,510.08
Apr 1, 2025	-	-	18,131.58	18,131.58	-
Oct 1, 2025	38,247.00	6.250%	18,131.58	56,378.58	74,510.16
Apr 1, 2026	-	-	16,936.37	16,936.37	-
Oct 1, 2026	40,637.40	6.250%	16,936.37	57,573.77	74,510.14
Apr 1, 2027	-	-	15,866.45	15,866.45	-
Oct 1, 2027	43,177.20	6.250%	15,866.45	58,843.65	74,510.10
Apr 1, 2028	-	-	14,317.16	14,317.16	-
Oct 1, 2028	45,875.80	6.250%	14,317.16	60,192.96	74,510.12
Apr 1, 2029	-	-	12,883.54	12,883.54	-
Oct 1, 2029	48,743.10	6.250%	12,883.54	61,626.64	74,510.18
Apr 1, 2030	-	-	11,360.32	11,360.32	-
Oct 1, 2030	51,789.50	6.250%	11,360.32	63,149.82	74,510.14
Apr 1, 2031	-	-	9,741.90	9,741.90	-
Oct 1, 2031	55,026.30	6.250%	9,741.90	64,768.20	74,510.10
Apr 1, 2032	-	-	8,022.33	8,022.33	-
Oct 1, 2032	58,465.50	6.250%	8,022.33	66,487.83	74,510.16
Apr 1, 2033	-	-	6,195.28	6,195.28	-
Oct 1, 2033	62,119.60	6.250%	6,195.28	68,314.88	74,510.16
Apr 1, 2034	-	-	4,254.04	4,254.04	-
Oct 1, 2034	66,002.10	6.250%	4,254.04	70,256.14	74,510.18
Apr 1, 2035	-	-	2,191.48	2,191.48	-
Oct 1, 2035	70,127.20	6.250%	2,191.48	72,318.68	74,510.16
	1,080,088.00		1,874,936.96	2,955,024.96	2,955,024.96

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 Environmental Protection 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 Environmental Protection 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.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS, SERIES 1995 C
(WEST VIRGINIA SRF PROGRAM)**

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS, TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$883,974 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of not more than \$6,400,074, 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 Issuer intends to permanently finance a portion of such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), in the aggregate principal amount of not more than \$950,000 (the "Series 1995 C Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1995 C Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1995 C Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 C Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1995 C Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1995 C Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, (the "Loan Agreement") to be approved hereby if not previously approved by resolution of the Issuer.

G. There will be issued concurrently with the Series 1995 C Bonds, on the Closing Date, obligations of the Issuer which rank on a parity with the Series 1995 C Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) (the "Series 1995 A Bonds") and Series 1995 B (West Virginia Water Development Authority) (the "Series 1995 B Bonds"), to be issued pursuant to a separate resolution adopted by the Issuer simultaneously herewith on December 6, 1995 (the "Series 1995 A and Series 1995 B Bonds Resolution"). Other than the Series 1995 A Bonds and the Series 1995 B Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1995 A and Series 1995 B Bonds Resolution, all as such terms are hereinafter defined.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 C Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and

shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series-1995 C Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1995 C Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 1995 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

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

"Closing Date" means the date upon which there is an exchange of the Series 1995 C Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1995 C Bonds from the Authority.

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

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

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

"Construction Trust Fund" means the Construction Trust Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Consulting Engineers" means L. Robert Kimball & Associates, Inc., Moon Township, Pennsylvania, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1995 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1995 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 C Bonds Reserve Account. For purposes

of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance 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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 1995 A Bonds or the Series 1995 B Bonds or the Series 1995 C Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1995 C Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

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

"Project" means the acquisition and construction of public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the

maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Rebate Fund" means the Rebate Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Reserve Accounts" means, collectively, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

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

"Series 1995 A Bonds" means the not more than \$289,532 aggregate principal amount of Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer.

"Series 1995 A Bonds Reserve Account" means the Series 1995 A Bonds Reserve Account established in the Series 1995 A Bonds Sinking Fund pursuant to Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 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 1995 A Bonds in the then current or any succeeding year.

"Series 1995 A Bonds Sinking Fund" means the Series 1995 A Bonds Sinking Fund established by Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 B Bonds" means the not more than \$1,080,088 aggregate principal amount of Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer.

"Series 1995 B Bonds Reserve Account" means the Series 1995 B Bonds Reserve Account established in the Series 1995 B Bonds Sinking Fund pursuant to Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

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

"Series 1995 B Bonds Sinking Fund" means the Series 1995 B Bonds Sinking Fund established by Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 A and Series 1995 B Bonds Resolution" means the resolution of the Issuer adopted simultaneously herewith on December 6, 1995, authorizing the Series 1995 A Bonds and Series 1995 B Bonds.

"Series 1995 C Bonds" means the not more than \$883,974 in aggregate principal amount of Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 1995 C Bonds Construction Trust Fund" means the Series 1995 C Bonds Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Sinking Funds" means, collectively, the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement.

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1995 A Bonds, the Series 1995 C Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$6,400,074, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1995 C Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed \$6,400,074, of which approximately \$289,532 will be obtained from proceeds of the Series 1995 A Bonds, approximately \$1,080,088 will be obtained from proceeds of the Series 1995 B Bonds, approximately \$883,974 will be obtained from proceeds of the Series 1995 C Bonds, approximately \$3,990,230 from a grant by the United States Environmental Protection Agency, and approximately \$156,250 from the funds of the Issuer.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1995 C Bonds, funding a reserve account for the Series 1995 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 C Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1995 C Bonds of the Issuer. The Series 1995 C Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program)", in the principal amount of not more than \$883,974, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 C Bonds remaining after funding of the Series 1995 C Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1995 C Bonds, if any, shall be deposited in or credited to the Series 1995 C Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1995 C Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1995 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1995 C Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1995 C Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1995 C Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 C Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of

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

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest, if any, from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1995 C Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1995 C Bonds shall cease to be such officer of the Issuer before the Series 1995 C Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 C Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 C Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1995 C Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1995 C Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1995 C 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 Series 1995 C Bonds or transferring the registered Series 1995 C Bonds are exercised, all Series 1995 C Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 C Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 C 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 Series 1995 C Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 C Bonds or, in the case of any proposed redemption of Series 1995 C Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1995 C Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1995 C Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but

shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account. No holder or holders of the Series 1995 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 C Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1995 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B 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 all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

[FORM OF SERIES 1995 C BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1995 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock 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 _____

(\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 199____, as set forth on EXHIBIT B attached hereto. 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 Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay

interest on the hereinafter described Series 1995 A Bonds and Series 1995 B Bonds during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the hereinafter described Series 1995 A Bonds; (iv) to fund a reserve account for the hereinafter described Series 1995 B Bonds; (v) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (vi)] to pay certain costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS"); AND SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS"), BOTH DATED _____, 199___, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1995 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of

operations, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 B Bonds; provided however, that so long as there exists in the Series 1995 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 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 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 set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199__.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

~ Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 C Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1995 A and Series 1995 B Bonds Resolution) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (2) Renewal and Replacement Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (3) Construction Trust Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (4) Series 1995 C Bonds Construction Trust Fund; and
- (5) Rebate Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1995 A and Series 1995 B Bonds Resolution) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1995 A Bonds Sinking Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (2) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (3) Series 1995 B Bonds Sinking Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);
- (4) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account (established by the Series 1995 A and Series 1995 B Bonds Resolution);

- (5) Series 1995 C Bonds Sinking Fund; and
- (6) Within the Series 1995 C Bonds Sinking Fund, the Series 1995 C 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 in the Series 1995 A and Series 1995 B Bonds Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Series 1995 A and Series 1995 B Bonds Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first each month transfer from the Revenue Fund and disburse as required the amount necessary and sufficient to pay current Operating Expenses.

- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 4 months prior to the first date of payment of principal of the Series 1995 C Bonds, remit to the Commission for deposit in the Series 1995 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal (and interest, if any) which will mature and become due on the Series 1995 C Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 C Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date, and (ii) remit to the Commission the amounts required by the Series 1995 A and Series 1995 B Bonds Resolution to be deposited in the Series 1995 A Bonds Sinking Fund and Series 1995 B Bonds Sinking Fund for payment of the principal of and interest on the Series 1995 A Bonds and Series 1995 B Bonds.

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

when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1995 C Bonds Reserve Requirement, and (ii) remit to the Commission the amount required by the Series 1995 A and Series 1995 B Bonds Resolution to be deposited in the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, as set forth in the Series 1995 A and Series 1995 B Bonds Resolution and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1995 C Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 1995 C Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1995 C Bonds Reserve Account which result in a reduction in the balance of the Series 1995 C Bonds Reserve Account to below the Series 1995 C Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1995 C Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

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

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

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

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

The Series 1995 C Bonds Sinking Fund, including the Series 1995 C Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 C Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1995 C Bonds, including the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

F. 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.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 5.03 of the Series 1995 A and Series 1995 B Bonds Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited pro rata, by the Issuer, as received, in the Construction Trust Fund and Series 1995 C Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1995 C Bonds, there shall first be deposited with the Commission in (i) the Series 1995 A Bonds Sinking Fund, (ii) the Series 1995 B Bonds Sinking Fund, and (iii) the Series 1995 C Bonds Sinking Fund, the amounts, if any, set forth in the respective Supplemental Resolutions as capitalized interest; provided, that such amounts may not exceed the amount necessary to pay interest on the 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 1995 C Bonds, there shall be deposited with the Commission in (i) the Series 1995 A Bonds Reserve Account, (ii) the Series 1995 B Bonds Reserve Account and (iii) the Series 1995 C Bonds Reserve Account, the amounts, if any, set forth in the respective Supplemental Resolutions for funding the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 C Bonds, there shall first be credited to the Series 1995 C Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1995 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 1995 C Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1995 C Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1995 C Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1995 C Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 C Bonds.

~ Section 6.02. Disbursements From the Series 1995 C Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1995 C Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1995 C Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

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

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1995 C Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1995 C Bonds 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 Series 1995 C Bonds 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 Series 1995 C Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1995 C Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds. The Net 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 all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth approved and described in the Final Order of the Public Service Commission of West Virginia, entered November 1, 1995, in Case No. 90-558-PSD-CN (Reopened) and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X

hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata, with respect to the principal amount of each of the Bonds then Outstanding, 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 in such manner. Any balance remaining after the payment of all Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. 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 for in Section 7.06 and Section 7.07 hereof, 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 Series 1995 C Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 C Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1995 C Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. 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' 1995 C Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1995 C 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, if any, that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution or the Series 1995 A and Series 1995 B Bonds Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

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

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions of improvements, if any, to the System that are to be financed by such Parity Bonds.

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

and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1995 C 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 1995 C Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority and the DEP 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 and the DEP to the issuance of the Parity Bonds.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and

correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1995 C Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 C Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1995 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 C-Bonds, including the Series 1995 A Bonds and Series 1995 B Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 C Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1995 C Bonds, including the Series 1995 A Bonds and Series 1995 B 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, if any, on the Series 1995 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 C Bonds, including the Series 1995 A Bonds and Series 1995 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission Order described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding

and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer and regulations promulgated by the Public Service Commission of West Virginia, further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations of the System, and any services and facilities of the water system, it so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by

the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1995 C Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division 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 Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 C Bonds during the term thereof is, under the terms of the Series 1995 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 C Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 C 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 to be determined in accordance with the Code.

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

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

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

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

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 C Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1995 C Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1995 A Bonds.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of

changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

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

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

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

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

amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1995 C Bonds from gross income for federal income tax purposes.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 C Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its parts relating to the Series 1995 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 C 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, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 A and Series 1995 B Bonds Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owner; provided that, all rights and remedies of the Holders of the Series 1995 C Bonds shall be on a parity with the Holders of the Series 1995 A Bonds and the Series 1995 B Bonds.

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

charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 C Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 C Bonds from gross income for federal income tax purposes.

Series 1995 C Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 C Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1995 C Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 C Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 C Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

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

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

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

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Series 1995 A and Series 1995 B Bonds Resolution, the more restrictive provision shall control.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Hancock County Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 1995 C Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1995 C Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Adopted this 6th day of December, 1995.

W. E. Wil
Chairman

Don m Lemaster
Member

Member

CERTIFICATION

Certified a true copy of an Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]

Donna Demaree
Secretary

12/04/95
HANJM.Z4
373520/90001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 6.]



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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 C (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

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

WHEREAS, the Public Service Board (the "Governing Body") of Hancock County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 6, 1995 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS, TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$883,974 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

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

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1995 C Bonds"), in the aggregate principal amount not to exceed \$883,974, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF
HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of \$883,974. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2017, and shall bear no interest. The Bonds shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending March 1, 2017, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint United National Bank, Weirton, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1995 C Bonds proceeds in the amount of \$27,687 shall be deposited in the Series 1995 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1995 C Bonds proceeds in the amount of \$103,283 shall be deposited in the Series 1995 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1995 C Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1995 C Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1995 C Bonds proceeds in the amount of \$21,458 shall be deposited in the Series 1995 A Bonds Reserve Account.

Section 11. Series 1995 C Bonds proceeds in the amount of \$79,098 shall be deposited in the Series 1995 B Bonds Reserve Account.

Section 12. Series 1995 C Bonds proceeds in the amount of \$44,200 shall be deposited in the Series 1995 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1995 C Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about December 7, 1995, to the Authority pursuant to the Loan Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof 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.

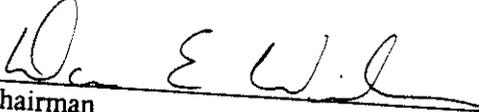
Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1995 C Bonds Sinking Fund, including the Series 1995 C Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

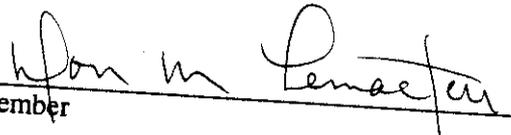
Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT


Chairman


Member

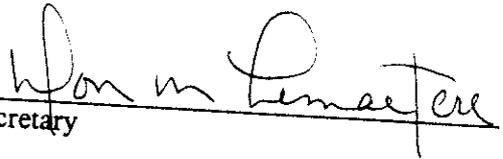
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]


Secretary

12/04/95
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373520/90001

LOAN AGREEMENT

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

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Hancock County Public Service District
[Proper Name of Local Government]

(SEAL)

By: 
Its: Chairman

Attest:

Donna Lemaire
Its Secretary

Date: October 2, 1995

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara S Taylor
Its: Chief, Office of Water Resources

Date: October 4, 1995

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyubarsky
Its: Director

Date: September 29, 1995

Attest:

Barbara B Meadows
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO
ACKNOWLEDGEMENT THEREOF, THIS
25th day of August, 1992.

Attorney General
BY: Dawn E. Wayfield
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

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

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

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

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

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

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

Local Government Name

Local Government Representative's Name and Title

Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

Witnesseth my signature this ____ day of _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

WITNESS my signature on this _____ day of _____, 19____.

By _____

West Virginia License No. _____

[SEAL]

EXHIBIT E

[Special Conditions]

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

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Fund: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as
amended (the "Local Statute"), and the bond _____ duly
enacted by the Local Government on _____ (the "Local

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 883,974
Purchase Price of Bonds	\$ 883,974

Interest on the Bonds shall be zero percent from the date of delivery ~~to and including~~ ----- Principal and interest on the Bonds is payable quarterly, commencing June 1, 1997, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds ~~or (provide list of outstanding debt)~~.

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

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

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

SCHEDULE Y

SRF

Hancock County PSD \$883,974 0% Interest Rate and 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/1997	-	-	-	-
6/01/1997	11,050.00	-	-	-
9/01/1997	11,050.00	-	-	11,050.00
12/01/1997	11,050.00	-	-	11,050.00
3/01/1998	11,050.00	-	-	11,050.00
6/01/1998	11,050.00	-	-	11,050.00
9/01/1998	11,050.00	-	-	11,050.00
12/01/1998	11,050.00	-	-	11,050.00
3/01/1999	11,050.00	-	-	11,050.00
6/01/1999	11,050.00	-	-	11,050.00
9/01/1999	11,050.00	-	-	11,050.00
12/01/1999	11,050.00	-	-	11,050.00
3/01/2000	11,050.00	-	-	11,050.00
6/01/2000	11,050.00	-	-	11,050.00
9/01/2000	11,050.00	-	-	11,050.00
12/01/2000	11,050.00	-	-	11,050.00
3/01/2001	11,050.00	-	-	11,050.00
6/01/2001	11,050.00	-	-	11,050.00
9/01/2001	11,050.00	-	-	11,050.00
12/01/2001	11,050.00	-	-	11,050.00
3/01/2002	11,050.00	-	-	11,050.00
6/01/2002	11,050.00	-	-	11,050.00
9/01/2002	11,050.00	-	-	11,050.00
12/01/2002	11,050.00	-	-	11,050.00
3/01/2003	11,050.00	-	-	11,050.00
6/01/2003	11,050.00	-	-	11,050.00
9/01/2003	11,050.00	-	-	11,050.00
12/01/2003	11,050.00	-	-	11,050.00
3/01/2004	11,050.00	-	-	11,050.00
6/01/2004	11,050.00	-	-	11,050.00
9/01/2004	11,050.00	-	-	11,050.00
12/01/2004	11,050.00	-	-	11,050.00
3/01/2005	11,050.00	-	-	11,050.00
6/01/2005	11,050.00	-	-	11,050.00
9/01/2005	11,050.00	-	-	11,050.00
12/01/2005	11,050.00	-	-	11,050.00
3/01/2006	11,050.00	-	-	11,050.00
6/01/2006	11,050.00	-	-	11,050.00
9/01/2006	11,050.00	-	-	11,050.00
12/01/2006	11,050.00	-	-	11,050.00
3/01/2007	11,050.00	-	-	11,050.00
6/01/2007	11,050.00	-	-	11,050.00
9/01/2007	11,050.00	-	-	11,050.00
12/01/2007	11,050.00	-	-	11,050.00
3/01/2008	11,050.00	-	-	11,050.00
6/01/2008	11,050.00	-	-	11,050.00
9/01/2008	11,050.00	-	-	11,050.00
12/01/2008	11,050.00	-	-	11,050.00
3/01/2009	11,050.00	-	-	11,050.00
6/01/2009	11,050.00	-	-	11,050.00

Hancock County PSD
\$883,974
0% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2009	11,050.00	-	-	11,050.00
12/01/2009	11,050.00	-	-	11,050.00
3/01/2010	11,050.00	-	-	11,050.00
6/01/2010	11,050.00	-	-	11,050.00
9/01/2010	11,050.00	-	-	11,050.00
12/01/2010	11,049.00	-	-	11,049.00
3/01/2011	11,049.00	-	-	11,049.00
6/01/2011	11,049.00	-	-	11,049.00
9/01/2011	11,049.00	-	-	11,049.00
12/01/2011	11,049.00	-	-	11,049.00
3/01/2012	11,049.00	-	-	11,049.00
6/01/2012	11,049.00	-	-	11,049.00
9/01/2012	11,049.00	-	-	11,049.00
12/01/2012	11,049.00	-	-	11,049.00
3/01/2013	11,049.00	-	-	11,049.00
6/01/2013	11,049.00	-	-	11,049.00
9/01/2013	11,049.00	-	-	11,049.00
12/01/2013	11,049.00	-	-	11,049.00
3/01/2014	11,049.00	-	-	11,049.00
6/01/2014	11,049.00	-	-	11,049.00
9/01/2014	11,049.00	-	-	11,049.00
12/01/2014	11,049.00	-	-	11,049.00
3/01/2015	11,049.00	-	-	11,049.00
6/01/2015	11,049.00	-	-	11,049.00
9/01/2015	11,049.00	-	-	11,049.00
12/01/2015	11,049.00	-	-	11,049.00
3/01/2016	11,049.00	-	-	11,049.00
6/01/2016	11,049.00	-	-	11,049.00
9/01/2016	11,049.00	-	-	11,049.00
12/01/2016	11,049.00	-	-	11,049.00
3/01/2017	11,049.00	-	-	11,049.00
TOTAL	883,974.00	-	-	883,974.00 *

*Plus a one-percent administrative fee to be paid quarterly in the amount of \$1,118.76. The total administrative fee over the life of the loan is \$89,500.80.

YIELD STATISTICS

Accrued Interest from 03/01/1997 to 03/01/1997...	-
Average Life.....	10.125 YEARS
Bond Years.....	8,950.06
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	-
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	1.0012500%

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 5th day of November, 1991.

CASE NO. 90-558-PSD-CN

HANCOCK COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Weirton, Hancock
County.

Application for a certificate of convenience and necessity to construct a centralized sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road areas, Hancock County.

COMMISSION ORDER MODIFYING THE ADMINISTRATIVE
LAW JUDGE'S RECOMMENDED DECISION

On February 8, 1991, Hancock County Public Service District (District or Applicant), a public utility, Weirton, Hancock County, filed an application, duly verified, for a certificate of convenience and necessity to construct a centralized sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road areas of Hancock County.

By order entered February 14, 1991, the Commission referred this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before September 6, 1991.

Upon request of the Applicant, the procedural schedule in this case was modified to provide for additional time, including an extension of the September 6, 1991 recommended decision due date to October 16, 1991. By order entered June 25, 1991, the Commission extended the recommended decision due date until October 16, 1991.

A hearing was held on this matter on July 17, 1991. Mark A. Colantonio, Esquire, appeared on behalf of the District; Drexel Vealey, Esquire, appeared on behalf of Commission Staff; and Mary Alice DiBacco and Kaylene Ramsey were granted intervenor status.

On August 14, 1991, Commission Staff filed its final joint Staff memorandum in this case.

Attached to the final joint Staff memorandum, dated August 14, 1991, prepared by Staff Attorney Drexel Vealey was a final and

internal memorandum dated August 14, 1991 prepared by Dina D. Foster, Utility Engineer, Public Service District Division and a further internal memorandum dated August 1, 1991 prepared by Robert M. Hubbard, Utility Financial Analyst, Public Service District Division. Staff Attorney Vealey stated that the Commission Staff position was set forth in the above-referenced memoranda.

In the final and internal memorandum dated August 14, 1991 prepared by Dina D. Foster, Utility Engineer, Ms. Foster stated that Staff was satisfied that public need and convenience require the proposed project. Further, Staff noted that the plans and specifications of this project had been approved by the West Virginia Division of Natural Resources (DNR) and, that, the Commission Staff had not duplicated their efforts by reviewing design related aspects of the project. Further, Ms. Foster found no obvious conflict with Public Service Commission Rules and Regulations with the plans and specifications of the project. Staff determined that the District proposed project costs, cost per customer and operation and maintenance budget were reasonable. Further, Staff concurred with the District proposed yearly R & R reserve of \$6,770 and a Future Connections Reserve of \$12,800. In concluding, Staff recommended approval of the project conditioned upon the following:

1. That construction bids come within estimates;
2. That the problems with the Kings Creek interceptor be corrected; and,
3. That an agreement for sewage treatment between the City of Weirton and the District be executed.

In the further internal memorandum dated August 1, 1991 prepared by Robert M. Hubbard, Utility Financial Analyst, Public Service District Division, Staff noted that the proposed project costs submitted by the District in its Rule 42 filing are \$4,603,035. Further, Staff noted that operating and maintenance expenses were estimated to be \$103,378.

With respect to sewage treatment costs by the City of Weirton, Staff noted that the District calculated the costs as follows: 625 customers @ 4,500 gallons per month @ \$1.45 per 1,000 gallons treated for a twelve (12) month period. Based on the District's calculations, Staff recommended that a contract with the City of Weirton for treatment of the District's sewage be executed and submitted for Commission approval and that such contract include the proposed rate schedule of the average rate of \$1.45 per 1,000 gallons.

In its calculations, Staff included in the revenue requirements a future connections reserve of \$12,800, with calculations as follows:

Ten new additions at an estimated	
\$1,580 per connection	\$15,800
Less:	
Ten post-construction tap fee charges	

at \$300	3,000
Annual future connections reserve	<u>\$12,800</u>

Further, Staff allowed for a 1% delayed payment penalty income of \$2,600 per annum. Staff noted that when the payment penalty income is added the estimated surplus is \$4,200, which Staff considered to be reasonable and adequate for a proposed system of this size. Based on its calculations, Staff proposed rates as follows:

Customer charge	\$ 6.50 per month
Usage charge	\$ 6.50 per 1,000 gallons

For customers with a non-metered water supply:
Equivalent to 4,500 gallons water usage per month \$35.75 per dwelling unit.

Further, Staff found that the District proposed connection charge of \$250 prior to completion of the construction adjacent to the customer's property and \$300 subsequent to construction adjacent to the customer's property was reasonable. Accordingly, Staff recommended that the District proposed connection charges be approved.

Staff noted that the project funding submitted by the District differed from those earlier proposed by the Public Service District's engineer. Staff explained that the District had indicated that total eligible costs for the Part B adjustment to the EPA Grant would not be determined until after bidding. Further, the WDA Loan would also be based upon the total costs of the project and the total amount of the grant funding. Thus, based on the above considerations, the District proposed borrowing \$1,552,505 at an interest rate of 8% for a period of 456 months with monthly payments on the proposed borrowing of \$10,875, or \$130,506 per year. In his letter dated March 26, 1991, Mr. Mike Johnson, P.E., Assistant Chief, Division of Natural Resources, indicated that additional grant monies may be available. In his letter Mr. Johnson stated, "Additional grant money after October 1, 1991 will be considered for projects requiring further increases to reduce the average bill to \$30.00/month depending on availability of funds." Staff noted that Mr. Warwick, Engineer for the DNR, concurred with this information at the July 17, 1991 hearing. The District-proposed interim financing with the Bank of Weirton for a 'Line of Credit' not to exceed \$500,000 to be utilized during the construction phase of the proposed project is for a period not to exceed one (1) year from the date of the first advance of funds at an interest rate of 9.5% with interest payable quarterly on the balances then outstanding.

In sum, Staff recommended that the project, as amended by Staff, is financially feasible and that the projected revenues are adequate to cover the operation and maintenance expenses and the proposed debt service and reserve requirements. Accordingly, Staff recommended that the above financing be approved, as consistent with Commission policy. Further, Staff recommended that the certificate of convenience and necessity be approved, contingent upon the District obtaining a contract for sewage treatment with the City of Weirton and that Staff

proposed rates become effective upon completion of the proposed project. Further, Staff noted that it may revise its recommended tariff after the costs of the project has been finalized and the amount of financing has been determined. Further, Staff recommended that the tariff rates and charges be reviewed after the District is in operation for a period of one (1) year to determine if their rates are adequate to cover all costs of operations and debt service, or to determine if rates are excessive.

On August 21, 1991, Mary Alice DiBacco, Intervenor, filed a response to Commission Staff's memorandum.

On October 15, 1991, the Administrative Law Judge (ALJ) entered a recommended decision, dismissing the application, without prejudice, on the basis that the District's application was incomplete.

On October 28, 1991, the District filed exceptions to the ALJ's recommended decision of October 15, 1991.

On October 30, 1991, Intervenor, Mary Alice DiBacco, filed a response to the exceptions filed by the District.

DISCUSSION

The Commission finds that the recommended decision in this case should be modified on the basis of Commission policy. Specifically, the Commission believes that this application for a certificate of convenience and necessity to construct a sewage collection system, for which there is a demonstrable public need, should be facilitated and approved, even if such approval must be conditional upon one or more future occurrences.

As the ALJ indicated, the evidence demonstrates that public need requires the proposed project. Staff, in its final internal Staff memorandum of August 14, 1991, stated that the construction of the sewage collection system is required to alleviate a significant rate of septic tank failure and some areas of sewage overflow. Despite the showing of public need, however, the Administrative Law Judge concluded that the District's application was incomplete and that the District failed to demonstrate the project was economically feasible or would provide adequate service.

The Commission would observe that the Commission Staff recommended approval of the project in its final joint Staff memorandum of August 14, 1991; however, that, Staff recommended approval conditional upon three requirements:

1. That construction bids come within estimates;
2. That the problems with the Kings Creek interceptor be corrected; and,
3. That an agreement for sewage treatment between the City of Weirton and the District be executed.

The Commission believes that if those conditions are met, as further defined herein, the project will be economically feasible. Since the recommended decision has found that there is a public necessity for the project, and the Commission shall herein affirm that finding, and the economic feasibility of the project will be satisfied if the conditions are met, a conditional approval will eliminate the need for expensive and time consuming future filings. Accordingly, the Commission shall modify the ALJ's recommended decision of October 15, 1991 on that basis and the District's application shall be approved, provided that the conditions, as further defined below, are met:

1. That construction costs for the project must come within estimates, with the total project costs not to exceed the District's estimate of \$4,603,035.
2. That the problem with the Kings Creek interceptor, upon which the project success depends, must be corrected within a reasonable time frame consistent with the scheduled in-service date of the project and not cause the project to exceed the above-stated estimated costs.
3. That an agreement for sewage treatment between the City of Weirton and the District be executed, and, that the agreement specifically, provide for an average rate not in excess of \$1.45 per 1,000 gallons.

The Commission shall not approve the proposed financing of the project, nor the rates and charges to become effective upon completion of the project. While there is sufficient justification to grant the District's certificate application on the basis of clear public need for the proposed project, the Commission finds that there are too many variables, unknown at this time, to approve the financing or rates at this juncture. Specifically, the Commission cites the possible availability of additional grant monies and the final sewage treatment agreement between the City of Weirton and the District, which may lower, but shall undoubtedly affect final project financing and the rates.

As the Commission finds approval of proposed project financing and Staff recommended rates to be premature at this time, the Commission shall require the District to seek financing approval and file rates, at such time as the conditions required herein are met and the availability of additional grant monies known. At this time, however, in order to provide notice to its potential customers of proposed rates for the project, the Commission shall require the District to publish a copy of the Staff recommended rates in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hancock County.

For reasons set forth above, the Commission modifies the ALJ's recommended decision of October 15, 1991, affirming it insofar as the ALJ finds a public need for the proposed project, but modifying it to approve the District's certificate filing.

FINDINGS OF FACT

1. On February 8, 1991, Hancock County Public Service District, a public utility, Weirton, Hancock County, filed an application, duly verified, for a certificate of convenience and necessity to construct a centralized sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road areas of Hancock County.

2. By order entered February 14, 1991, the Commission referred this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before September 6, 1991.

3. Upon request of the Applicant, the procedural schedule in this case was modified to provide for additional time, including an extension of the September 6, 1991 recommended decision due date to October 16, 1991. By order entered June 25, 1991, the Commission extended the recommended decision due date until October 16, 1991.

4. On August 14, 1991, Commission Staff filed a final joint Staff memorandum in this case. Attached to the final joint Staff memorandum, prepared by Staff Attorney Drexel Vealey was a final and internal memorandum dated August 14, 1991 prepared by Dina D. Foster, Utility Engineer, Public Service District Division and a further internal memorandum dated August 1, 1991 prepared by Robert M. Hubbard, Utility Financial Analyst, Public Service District Division. Staff Attorney Vealey noted that the Staff position was set forth in these two memoranda.

5. Staff approved the District's plans and specifications in the final joint Staff memorandum of August 14, 1991.

6. Public need requires the proposed construction of a centralized sewage collection system, as set forth in the District's application.

7. Public necessity requires the proposed project provided that the following conditions are met:

- (a) That construction costs for the project must come within estimates, with the total project costs not to exceed the District's estimate of \$4,603,035.
- (b) That the problem with the Kings Creek interceptor, upon which the project success depends, must be corrected within a reasonable time frame consistent with the scheduled in-service date of the project and not cause the project to exceed the above-stated estimated costs.
- (c) That an agreement for sewage treatment between the City of Weirton and the District be executed, and, that the

agreement specifically, provide for a rate not in excess of \$1.45 per 1,000 gallons.

8. For reasons set forth in Findings of Fact Nos. 5 and 6, the District's application for a certificate of convenience and necessity to construct the proposed centralized sewage collection system should conditionally approved, as set forth herein.

9. Approval of the proposed financing and rates is premature at this point, given unknown factors that shall affect financing for the project and, ultimately, the establishment of equitable and fair rates.

CONCLUSION OF LAW

1. Based upon the foregoing, the Commission concludes that the application of the Hancock County Public Service District for a certificate of convenience and necessity to construct a centralized sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road areas of Hancock County is reasonable and should be conditionally approved subject to the conditions herein ordered being satisfied prior to commencement of construction or finalization of irrevocable financial commitments.

2. Based on the foregoing, it is appropriate for the Commission not to grant approval to the financing or recommended rates at this time, but shall consider financing and rates in the future, upon District filing.

ORDER

IT IS, THEREFORE, ORDERED that the application of the Hancock County Public Service District for a certificate of convenience and necessity to construct a centralized sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road areas of Hancock County should be, and it hereby is, conditionally approved to the extent recommended by Staff and modified by the Commission to require that the following conditions be met:

- (a) That construction costs for the project must come within estimates, with the total project costs not to exceed the District's estimate of \$4,603,035.
- (b) That the problem with the Kings Creek interceptor, upon which the project success depends, must be corrected within a reasonable time frame consistent with the scheduled in-service date of the project and not cause the project to exceed the above-stated estimated costs.

(c) That an agreement for sewage treatment between the City of Weirton and the District be executed, and, that the agreement specifically, provide for a rate not in excess of \$1.45 per 1,000 gallons.

IT IS FURTHER ORDERED that the District proposed engineering plans and specifications be approved.

IT IS FURTHER ORDERED that the proposed financing shall not be approved, but the District shall be required to file for approval of financing upon the conditions discussed herein, being met and the availability of additional grant monies being known.

IT IS FURTHER ORDERED that the Staff recommended rates and charges contained in Appendix A shall not be approved, but that the District shall be required to file rates upon the conditions discussed herein, being met and the availability of additional grant monies being known.

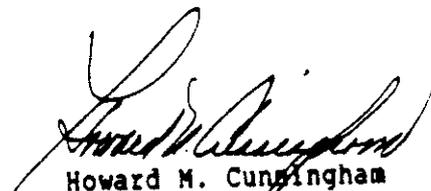
IT IS FURTHER ORDERED that the District shall give notice to its customers of the proposed Staff recommended rates by publishing a copy of the Staff recommended tariff, attached hereto as Appendix A, once a week, for two (2) consecutive weeks, in a newspaper, duly qualified by the Secretary of State published and of general circulation in Hancock County. If no substantial protests are received and the underlying treatment costs and debt service costs are not reduced, the Commission may, following receipt of proof of publication, enter a final order, establishing the rates as final rates, subject to further review within one (1) year after the District project is in operation.

IT IS FURTHER ORDERED that at such time as the Staff recommended rates become effective, Hancock County Public Service District shall file with the Commission a proper tariff setting forth the new rates and charges.

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

HANCOCK COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 90-588-PSD-CN

STAFF RECOMMENDED TARIFF

Applicable to entire territory served.

AVAILABILITY OF SERVICE:

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

RATES:

Customers with metered water supply:

Customer Charge	\$6.50 per month
Usage Charge	\$6.50 per 1,000 gallons

Customers with non-metered water supply:

Equivalent to 4,500 gallons water usage per month per dwelling unit	\$35.75
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DELAYED PAYMENT PENALTY:

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

CONNECTION CHARGE:

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

Subsequent to construction adjacent to the customer's property - \$300.00

RECEIVED
11-29-93

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11-29-93

Entered: November 9, 1993

CASE NO. 90-558-PSD-CN (Reopened)

HANCOCK COUNTY PUBLIC SERVICE DISTRICT
and THE CITY OF WEIRTON
Petition to reopen certificate application
and for certain modifications thereto.

RECOMMENDED DECISION

PROCEDURE

By Commission Order entered on November 5, 1991, in Hancock County Public Service District, Case No. 90-558-PSD-CN, the Public Service Commission conditionally granted the Hancock County Public Service District a certificate of public convenience and necessity to construct a centralized sewage collection system to serve the areas of Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road, all of which are located in Hancock County. Under the conditionally approved certificate of convenience and necessity, the sewage flows collected in the system were to be accepted and treated at the City of Weirton's sewage treatment plant. In order to accept these flows, it was anticipated that the City of Weirton's Kings Creek interceptor would be utilized. The Commission noted that there was an apparent problem with the Kings Creek interceptor which would need to be corrected within a reasonable time frame and within the cost estimates for the project. The Commission also observed that the City of Weirton and the District needed to execute a sewage treatment agreement, with a treatment rate not to exceed \$1.45 per 1,000 gallons, in order for the project to be economically feasible and approvable as submitted. Accordingly, the conditions attached to the granted certificate required the correction of the problem with the Kings Creek interceptor and the execution of a sewage treatment agreement between the City of Weirton and the District which met the Commission's stated parameters. (See, November 5, 1992 Commission Order in Hancock County Public Service District, Case No. 90-558-PSD-CN).

In response to a formal complaint filed by the Hancock County Public Service District against the City of Weirton in Case No. 92-0364-PSD-S-C, the Commission required Hancock County Public Service District and the City of Weirton to jointly file a new or amended application for a certificate of convenience and necessity which proposed to upgrade the City of Weirton's Kings Creek interceptor to a point where the City of Weirton could safely and adequately accept sewage flows from the proposed Hancock

County Public Service District sewage collection system, and which corrected the existing deficiencies on the Kings Creek system. At the time of the certificate filing, the parties were also required to submit a proposed sewage treatment agreement between the City of Weirton and the Hancock County Public Service District for the Public Service Commission's review and approval. If, for some reason, the parties were unable to agree on some of the agreement's terms and conditions, they were to describe and submit their differences for resolution by the Commission, as a part of that filing. By the terms of the October 28, 1992 Recommended Decision in Case No. 92-0364-PSD-S-C, such an amended application and proposed sewage treatment agreement were to be submitted within sixty days after the Recommended Decision became the final order of the Commission. Since that Decision became final on November 17, 1992, the amended certificate and proposed sewage treatment agreement were to be filed on or before January 15, 1993.

By letter dated January 15, 1993, the Hancock County Public Service District and the City of Weirton submitted a negotiated intergovernmental agreement for the Public Service Commission's consideration.

By letter dated January 19, 1993, Counsel for the Hancock County Public Service District indicated to the Commission that it could not file an amended or new certificate application unless the City of Weirton provided needed information for the application, including the scope of the work for the proposed upgrading and associated costs.

By letter dated January 21, 1993, Counsel for the Hancock County Public Service District filed a motion to reopen and amend the prior certificate case, Case No. 90-558-PSD-CN. The District represented that the purpose of the amendment was to provide for the upgrading of the City of Weirton's Kings Creek interceptor to a point where its system can successfully accept the flows generated by Hancock County Public Service District's project. As part of the application, the District submitted plans and specifications prepared by the City of Weirton for the upgrading of the interceptor line, and a summary of projected costs associated with the proposed upgrading project. The City of Weirton and the Hancock County Public Service District were in the process of discussing a possible funding mechanism for the upgrading, which was briefly outlined in the application. The previously submitted sewage treatment agreement between the City of Weirton and the Hancock County Public Service District was incorporated by reference.

By Order entered on February 8, 1993, the Commission referred the matter to the Division of Administrative Law Judges for processing, and mandated that a Recommended Decision be rendered on or before July 14, 1993.

By Procedural Order entered on March 23, 1993, the Administrative Law Judge (ALJ) observed that the information submitted with the amended application was inadequate to allow the ALJ to describe the proposed financing or the associated rate impact of the proposed project. Without such information, the ALJ indicated that it was impossible to provide adequate public notice of the amended application or otherwise conduct a meaningful review of the proposed project. Therefore, the ALJ required

the parties to submit confirmation of the proposed funding mechanism, the total revised financing on the joint Hancock County Public Service District and City of Weirton project, and a description of the project's impact on the anticipated rates of both the District's customers and the City's customers. The ALJ indicated that such clarifying information needed to be provided as soon as possible and, in any event, no later than April 12, 1993, to allow the timely processing and consideration of the amended application.

On April 12, 1993, Hancock County Public Service District submitted a revised Rule 42 Exhibit in this case, which set forth the revised project costs, funding alternatives and rate requirements for the revised project.

On April 13, 1993, the Commission received a facilities plan for the City of Weirton's Sanitary Board which more fully described the proposed Kings Creek interceptor upgrade and other improvements the City of Weirton was proposing to undertake. Counsel for the City of Weirton informed the Commission that the City of Weirton and Hancock County Public Service District were filing a co-application to reopen the Hancock County Public Service District certificate case, so that the Kings Creek interceptor would be upgraded to a level which would enable it to accept sewer flows from the District's service area.

On May 5, 1993, the ALJ conducted a conference call with all parties of record in this case to receive additional clarification on how the described upgrades to be undertaken by the City of Weirton were incorporated into or related to the District's revised project.

By Order entered on May 7, 1993, the Administrative Law Judge determined that the information submitted by the parties on April 12 and April 13, 1993, contained sufficient information to accurately describe the scope of the proposed projects, and associated construction costs and the anticipated financing alternatives, to an extent which allowed the Administrative Law Judge to provide reasonable public notice of the proposed projects. Therefore, the Administrative Law Judge required the City of Weirton and the Hancock County Public Service District to provide public notice of the proposed projects by newspaper publication. By that same Order, the Administrative Law Judge determined that the 270-day statutory deadline mandated by West Virginia Code §24-2-11 for the amended application will begin as of April 13, 1993, and the 270-day statutory review of the amended application would expire on January 8, 1994.

The Hancock County Public Service District and the City of Weirton proceeded to provide notice of the amended application in accordance with the May 7, 1993 Procedural Order. According to Affidavits of Publication submitted on May 27, 1993, the required notice was duly published in The Weirton Daily Times on Friday, May 21, 1993. As set forth in that notice, if no protests were received within thirty (30) days of the date of the published notice, the Commission may waive formal hearing and grant the joint application, based upon its review of the evidence submitted with the application.

The Commission received timely protest to the joint application within thirty (30) days of the published notice. Therefore, in accordance with the provisions of West Virginia Code §24-2-11, a hearing on the amended certificate application was mandatory.

By Order entered on July 2, 1993, the Commission granted a motion to extend the Administrative Law Judge's Decision due date in this case and established an Administrative Law Judge's Decision due date of November 9, 1993, on the amended application.

By Order entered on July 7, 1993, the Administrative Law Judge scheduled the matter for hearing to be conducted on Monday, August 30, 1993, in the Council Chambers, City Building, 200 Municipal Plaza, Weirton, West Virginia, beginning at 1:00 p.m. By that same Order, the Administrative Law Judge required Hancock County Public Service District and the City of Weirton to provide public notice of the scheduled hearing by publishing a copy of a prescribed notice as a Class II Legal Advertisement in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Weirton and in Hancock County, with the second publication to be provided no later than August 15, 1993. By that same Order, the Administrative Law Judge required the City of Weirton to provide further notice of the hearing by publishing a copy of the prescribed notice in conspicuous places where the City's bills are paid, on a continuous basis, between the date of the July 7, 1993 Order and the date of the scheduled hearing. The Administrative Law Judge required the Hancock County Public Service District and the City of Weirton to return affidavits of publication and posting to verify that the aforementioned notice requirements had been fully satisfied.

The hearing was conducted as scheduled on August 30, 1993. During the course of the hearing, it was noted that the Hancock County Public Service District and the City of Weirton had previously submitted affidavits of publication which confirmed that the notice of the hearing had been duly provided by a Class II Legal Advertisement, and the City of Weirton presented testimony which confirmed that the posting requirements had also been fully satisfied.

Two members of the affected public, Ms. Mary Alice DiBacco and Ms. Kaylene Ramsey, had previously been granted intervenor status during the course of the original Hancock County Public Service District application in Case No. 90-558-PSD-CN. Ms. DiBacco was present at the August 30, 1993 hearing, her intervention status was reaffirmed in the reopened case, and she was provided the opportunity to question witnesses and present relevant evidence for the record. Ms. Ramsey was not present at the August 30, 1993 hearing. While no other individuals formally intervened as parties to the case, other members of the public were provided the opportunity to make statements of concern and protest for the record.

After the City of Weirton, Hancock County Public Service District and the Commission Staff presented their evidence and testimony in the case, no party indicated any desire to submit written briefs or arguments for the Administrative Law Judge's consideration. Therefore, the matter was submitted for decision, upon receipt of the transcript.

On September 7, 1993, the Commission received correspondence from Kaylene Ramsey, dated September 2, 1993, which requested that the record be reopened in the case. Ms. Ramsey indicated that she was unable to attend the August 30, 1993 hearing due to a doctor's appointment, and she requested that another hearing be scheduled so that she could submit additional testimony and evidence for the Administrative Law Judge's consideration.

After reviewing Ms. Ramsey's request, pursuant to the provisions of Rule 19 of the Commission's Rules of Practice and Procedure, the Administrative Law Judge found that her petition was insufficient to justify a further hearing in the case. However, the Administrative Law Judge found it reasonable and appropriate to provide Ms. Ramsey with an opportunity to review the record which was actually developed at the August 30, 1993 hearing, and provide her the opportunity to submit a written brief or arguments to describe her concerns. The evidence which she could refer to in her brief or argument would be limited to the record which was previously developed at the earlier hearings in the case, and limited to the issues which were to be addressed in the reopened proceeding. Therefore, by Order entered on September 14, 1993, the Administrative Law Judge denied Ms. Ramsey's September 7, 1993 motion to reopen the record, but established a briefing schedule which provided for the filing of initial briefs on or before October 4, 1993, and the filing of reply briefs on or before October 14, 1993.

On October 4, 1993, the Commission received written comments and arguments from Ms. DiBacco, which shall be considered as her initial brief in the case. No other briefs were filed by any party of record.

EVIDENCE

The following witnesses provided testimony during the course of the August 30, 1993 hearing in this matter:

Sheridon Taylor, an existing customer of the City of Weirton along the Kings Creek interceptor;

Kenneth Orr, a prospective customer of the Hancock County Public Service District;

A. D. Mastrantoni, Utilities Director for the City of Weirton;

Brent Mikula, City Clerk and Finance Clerk for the City of Weirton;

Kevin Board, Chief Operator at the City of Weirton's Waste Water Treatment Plan;

Kim Weaver, Project Administrator for the Hancock County Public Service District;

John D. Klein, a Consulting Engineer retained on Hancock County Public Service District's project;

Michael Warwick, a Staff Engineer in the Office of Water Resources, West Virginia Department of Environmental Protection;

Robert Hubbard, a Senior Utilities Analyst with the Public Service District Division of the West Virginia Public Service Commission;

Joseph Marakovits, a Utility Engineer with the Public Service District Division of the West Virginia Public Service Commission; and

Billy Moss, a Weirton City Council Member.

For the purposes of this order, all referenced transcript citations are for the August 10, 1993 hearing.

The primary purpose of the hearing in this reopened case is to evaluate the contemplated upgrade of the Kings Creek interceptor to insure that it adequately addresses the concerns raised in the prior proceedings, when it became evident that the Kings Creek interceptor required upgrading to correct existing operational problems along the existing interceptor, and to be able to accommodate the additional flows from the Hancock County Public Service District.

From a historical standpoint, the Kings Creek interceptor was originally sized to be able to theoretically accommodate the flows from the existing service areas inside the City of Weirton, as well as prospective service territories outside the City, including Hancock County Public Service District. The size of the interceptor line ranges between twelve (12) and twenty-four (24) inches in diameter. In the past, the City has observed high levels of inflow and infiltration into the Kings Creek interceptor, and a small group of customers in certain low lying areas along the interceptor have experienced repeated occurrences of sewage backup or blockage during heavy rain conditions. (Joint Exh. No. 3, pp. 1-1 through 1-3; Tr., pp. 44-45).

The City engaged a consulting engineering firm to investigate the situation and recommended certain corrective actions. The engineering firm had originally recommended the replacement of the Kings Creek interceptor with a system which is adequate to handle the sewage flows and the high peak levels of inflow and infiltration, at an estimated cost of \$3,695,520. (Joint Exh. No. 3; Kings Creek Interceptor Evaluation and Study (found in third divider); Tr., pp. 69-70).

The consulting firm also recommended additional flow monitoring along the Kings Creek interceptor to help identify and quantify levels of inflow and infiltration which were being experienced along the interceptor. During the course of performing this evaluation, the City's employees were able to identify and eliminate significant sources of inflow

and infiltration which were contributing to the problems along the Kings Creek interceptor. (Tr., pp. 47-51, 56-57).

In particular, the City discovered one point where a major city storm water drain had been tied into the City's sanitary sewer system. Since the storm drain interconnection in question was close to an established storm drain and discharge point, the City believes that this interconnection must have been done as a result of some inadvertent error during the construction or repair of the storm sewer lines. Once this storm sewer line was disconnected from the Kings Creek interceptor, the City experienced substantially lower flow volumes at its Fifth Street lift station which receives the Kings Creek interceptor flows, and noticed a reduction in the overall levels of sewage treated at the City's sewage treatment plant. (Tr., pp. 49-50, 71-73).

The City is also aggressively testing its remaining sewer lines which feed into the Kings Creek interceptor in order to identify and eliminate other storm drains and related sources of inflow and infiltration into the Kings Creek interceptor. By smoke testing and other programs, the City intends to further identify and reduce the levels of inflow and infiltration experienced in the Kings Creek interceptor to more acceptable levels. (Tr., pp. 91-92, 97, 99-103).

Now that the level of inflow and infiltration into the Kings Creek interceptor has been substantially reduced, the City, the Division of Environmental Protection and Commission Staff are of the opinion that the Kings Creek interceptor should have more than adequate excess capacity to accommodate the additional flows from the Hancock County Public Service District. This opinion is primarily based upon the fact that the theoretical carrying capacity of the Kings Creek interceptor should be much more than was required to meet the combined flow requirements of the City customers and the Hancock County Public Service District customers. (Tr., pp. 89-91, 96, 115-117, 120-122).

The City of Weirton's Kings Creek interceptor can safely and adequately handle an estimated 4,000,000 gallons per day. Meter readings at the City of Weirton's Fifth Street lift station, which include the Kings Creek interceptor flows and other flows, indicate that the total sewage usage for all existing Weirton customers through that lift station is approximately 600,000 gallons per day during dry weather conditions. This indicates that the Kings Creek interceptor would have an excess capacity of approximately 3.4 million gallons per day, if inflow and infiltration was successfully eliminated from the interceptor. Since the Hancock County Public Service District is projected to introduce approximately 180,000 gallons of flow per day into the City's system, there appears to be more than sufficient excess capacity in the Kings Creek interceptor to handle the additional flows as long as the City's inflow and infiltration problems are reduced to acceptable levels. (Tr., pp. 56, 88-91).

Since the City's main storm drain was uncoupled from the interceptor, the City testified that it has received no more complaints of sewage

backing up or system failure from the customers who have been historically affected along the Kings Creek interceptor during heavy rain conditions. The carrying capacity of the Kings Creek interceptor roughly matches the total 4,000,000 gallon pumping capacity at the Fifth Street lift station which transports the waste from the Kings Creek interceptor and other main interceptors into the City of Weirton's treatment plant. Since the total flows into that pump station have not overflowed its pumping capacity, even during heavy rains, since the aforementioned corrective actions, the City concluded that the flows through the Kings Creek interceptor had also been well within acceptable ranges. (Tr., pp. 53-54, 56, 58-59, 73-74, 86-93).

In the past, the interceptor's capacity has only been insufficient during periods of heavy rain, due to high levels of inflow and infiltration. No additional flow studies have been performed along the Kings Creek interceptor during dry periods and periods of heavy rain to attempt to verify the levels of inflow and infiltration and the excess capacity which are currently experienced along the Kings Creek interceptor. (Tr., pp. 53-54, 115-117).

Even though the reviewing engineers concluded that there was sufficient available capacity in the Kings Creek interceptor to safely accommodate the additional flows from the Hancock County Public Service District, the City proposed to construct a buffer system and certain improvements to insure that the residents in the low lying areas would not experience repeated backflow problems even if subsequent inflow and infiltration problems should arise. In the area of Willow Street and Country Club Boulevard, there are several customers who are currently tapped directly into the Kings Creek interceptor and whose homes have been affected by overflow conditions in the interceptor. The City has proposed to install a parallel collector line to serve these customers, so they would not be directly tied into the main interceptor. The City has also proposed to connect the main service line serving Chateau Village and Cove Valley Estates to a buffer pump station. All of the buffer lines will have an automatic plug valve and two (2) pumps controlled by float balls. If the flows in the buffer line reach a certain point, the pumps will be automatically triggered to pump wastewater through the interceptor. If a backflow condition was reached in the line, the plug valve would automatically block the line and prevent any backup of sewage into the homes. (Joint Exh. No. 3, p. 4-1; Tr., pp. 44-46, 51-53, 57-58, 91-95).

The proposed buffer system would be constructed by the City of Weirton's existing personnel at an estimated cost of \$497,448. The City was confident that its proposed buffer system would eliminate the potential for flooding into several homes along the Kings Creek interceptor at a significant savings, using its existing personnel. The City also observed that it would not need any rate increase to perform the construction. The Division of Environmental Protection and Commission Staff have reviewed the proposed design of the buffer system, and found it to be acceptable and sound from an engineering viewpoint. (Joint Exh. No. 3, p. 4-1; Staff Exh. No. 2; Tr., pp. 44-47, 93-95, 138, 140).

In total, the City of Weirton is proposing a number of upgrades to an area which is collectively served by the Kings Creek interceptor. The sum of the construction and the associated funding is as follows:

1. The City of Weirton proposes to perform an upgrade to the Willow Street and Country Club Boulevard area at a cost of \$214,585, which is not eligible for Environmental Protection Agency (EPA) grant funding. The City is financing this construction through low interest loans available through the State Revolving Fund.
2. The City of Weirton proposes to perform certain upgrades to the Chateau Village and Cove Valley Estates area at an estimated cost of \$114,965. This upgrade is eligible for EPA funding, and EPA has included 55% of the total cost of the construction as a part of the District's EPA grant. The remaining \$51,734.25 of the construction cost is to be borrowed by the City of Weirton through the Steel Workers Community Federal Credit Union.
3. The City of Weirton's proposed Kings Creek interceptor upgrade is estimated to cost \$75,000, and it is also EPA grant eligible. Therefore, 55% of the total cost has been reflected in the District's EPA grant, and the remaining \$33,755 will be borrowed by the District and included as a part of the District's Water Development Authority (WDA) loan. The City of Weirton has agreed to reimburse the District for the local share of the Kings Creek interceptor upgrade by performing maintenance for the District's completed project at no cost for the first year and one-half.

(Staff Exh. No. 1; Tr., pp. 63-66, 81-84).

The City of Weirton maintains it would not be required to increase its rates, in any fashion, to fund the proposed improvements and upgrades to the Kings Creek interceptor and its associated system. The operating expenses of the City have been significantly reduced over the past few years by the elimination of inflow and infiltration on its system, which has correspondingly reduced the City's pumping expenses and treatment expenses at its plant. The City of Weirton has sufficient surplus in its existing operation to absorb the additional borrowing needed to finance its portion of the construction, without increasing its rates. (Tr., p. 83).

Based upon information provided on August 17, 1993, the District's revised project costs would now total \$5,185,708, with the following funding sources:

EPA Grant	\$3,501,765
WDA Loan	\$1,547,443
Tap Fees	\$ 136,500
Total Funding	\$5,185,708

Staff Exh. No. 1; Tr., pp. 105, 108, 130-133, 138, 140-141).

Although the total project cost to the Hancock County Public Service District has increased from the level previously approved by the Commission's November 5, 1991 Order in Case No. 90-558-PWD-CN, the increased project costs have been more than offset by increased EPA grant fundings. In fact, the total amount of the WDA loan is slightly less than the level which was previously approved by the Commission for the District. The District is also now able to receive a more favorable interest rate of 6.75% on the WDA loan, and its resulting debt service is lower than originally projected by Commission Staff in the earlier proceedings. (Staff Exh. No. 1; Tr., pp. 108-109, 128-130). Therefore, Commission Staff has recommended that the District establish the following rates and charges for use after construction of its system:

Customer Charge	\$ 6.50 per month
Usage Charge	\$ 6.00 per 1,000 gallons
Flat Charge	\$33.50 for customers who have a non-metered water supply

The Staff-recommended rates, which are lower than the rates originally requested by the District in Case No. 90-558-PSD-CN, have been accepted for use by the District. (Staff Exh. No. 1; Tr., pp. 112, 130-131, 134-135).

Commission Staff concluded that the project is feasible and sound from an engineering standpoint, and concluded that the City's and the District's projects are supported by reasonable and adequate financing and by appropriate rates and charges. Therefore, Commission Staff concluded that the projects are both technically and economically feasible, and are consistent with the public interest, and recommended certification of the aforementioned projects. (Staff Exh. Nos. 1 and 2; Tr., pp. 130-133).

Sheridon Taylor, an existing customer of the City of Weirton along the Kings Creek interceptor who has experienced repeated episodes of flooding due to overflows in the Kings Creek interceptor line, urged the Commission to approve the City's project so that it can proceed as soon as possible. He has been experiencing problems due to the condition of the Kings Creek interceptor over the last eighteen years, and described those problems for the record. His primary concern was to insure that the proposed upgrades and improvements would eliminate the problems he has historically endured. (Tr., pp. 20, 21-30).

Kenneth Allen Orr, a prospective customer of the Hancock County Public Service District, objected to the construction of the District's system because he is currently receiving service through a properly working septic system. Therefore, he believed that the proposed rates and charges were excessive and unreasonable. (Tr., pp. 31-40).

Billy F. Moss, Second Ward Council Person for the City of Weirton, represents individuals who reside in the area of Willow Street and 12th

Street. He supported the need for the proposed buffer system, but questioned why it required a certificate of convenience and necessity from the Public Service Commission. He requested that the City of Weirton be allowed to proceed with the described buffer system construction as soon as possible. (Tr., pp. 143-146).

As a part of this case, the City of Weirton and Hancock County Public Service District also tendered a Sanitary Sewage Treatment Agreement and a proposed Maintenance Agreement for the Commission's review and approval. Under the Sanitary Sewage Treatment Agreement, the City of Weirton has agreed to accept and treat sewage from the Hancock County Public Service District's system at a single point of interconnection along the Kings Creek interceptor. The total effluent delivery at that interconnection is not to exceed .8 million gallons per day on any given day. The District is required to install a sewage flow meter at the point of connection and maintain the meter in good working order to insure that it accurately reflects the volume of effluent received from the District's service area. By the terms of the proposed sewage treatment agreement, the District has agreed to pay the City for sewage treatment rendered by applying the metered sewage flows to the rate blocks set forth in the City's existing tariff. Although those rate blocks were originally designed to be applied against a customer's metered water usage, the parties have agreed to apply those same rates and charges against all flows received from the District's service area by the City's system for treatment. (Joint Exh. No. 1).

After reviewing the proposed agreement, Commission Staff has recommended approval of the aforementioned Sewage Treatment Agreement and the associated rates and charges for sewage treatment services. (Staff Exh. No. 1; Tr., pp. 138-139). According to Staff, based upon the anticipated levels of sewage to be generated by the District, the effective sewage treatment rate under the negotiated agreement would be approximately \$1.39 per 1,000 gallons of sewage treated. (Tr., pp. 138-139).

The parties have also proposed to enter into an Operation and Maintenance Agreement by which the City of Weirton would provide normal repair and maintenance on the District's system, according to a fee schedule set forth in Exhibit A to the Agreement. The balance due for services rendered under the Operation and Maintenance Agreement shall be credited against the interest and principal which accumulate on the portion of the District's WDA bond issue which is related to the upgrade and construction of the Kings Creek interceptor. By the terms of that agreement, the District is not to be charged overtime rates for work performed unless the work performed is in connection with an emergency repair. If the City of Weirton Board decides to perform non-emergency repair work or does a service call during an overtime period, the District would only be billed for the work on a straight-time basis. The Board will be allowed to modify the schedule of rates set forth in Exhibit A to the Agreement at the end of each fiscal year. In the event the parties are unable to agree to a schedule of rates for services provided under the Operation and Maintenance Agreement, they are to submit the matter to the West Virginia Public Service Commission for review and approval. (Joint Exh. No. 2; Tr., pp. 113-114).

The Operation and Maintenance Agreement is to terminate when the amount of the credit balance for service rendered by the City meets or exceeds the total principle and interest payments associated with the portion of the WDA funding which was used to finance the Kings Creek interceptor upgrade. The Agreement is to have a minimum term of five years, unless otherwise terminated by the District. In the event that the WDA bond is paid off prior to the expiration of the five-year term of the agreement, the District is to pay the Board directly for all monthly operation and maintenance expenses incurred under the Agreement. (Joint Exh. No. 2).

After review of the terms and conditions of the Operation and Maintenance Agreement, Commission Staff recommended approval of that agreement, in accordance with the provisions of West Virginia Code §24-2-12. (Staff Exh. Nos. 1 and 2).

DISCUSSION

As previously noted, the Hancock County Public Service District's proposed sewage collection system was previously found to be consistent with the public need, and the Commission recommended approval of that project, as long as the following conditions were met:

1. The existing problems on the Kings Creek interceptor had to be corrected to an extent where the acceptance of additional flows from the Hancock County Public Service District through the Kings Creek interceptor would not pose an operational problem to the City of Weirton.
2. The Kings Creek interceptor upgrade had to be accomplished within the cost estimates and financial limits for the District's sewer project. If the Kings Creek interceptor upgrade increased project costs or associated rates, supplemental approval would be required for the increased project costs, expenses and rates.
3. The City of Weirton and the Hancock County Public Service District were to enter into a sewage treatment agreement which contained a treatment rate of no more than \$1.45 per 1,000 gallons.

In this reopened case, the parties have sought Commission approval of a modified project which included certain modifications to the City of Weirton's Kings Creek interceptor, as well as other system improvements which were to be independently performed by the City of Weirton. While the resulting project costs have slightly increased for the Hancock County Public Service District, those increased project expenses have been more than offset by increased EPA grant funding. The total WDA borrowing needed to construct the District's project is, in fact, less than that previously approved by the Commission, and the District may now secure more favorable interest rates than before, due to changing market conditions.

Based on the testimony of Mr. Mastrantoni and Mr. Board, the City as substantially reduced the inflow and infiltration through the Kings Creek interceptor line to a point where the City has not observed any continuing overflow problems in the affected lines, even during heavy rains.

The buffer system proposed by the City of Weirton would eliminate the detrimental impact of overflow conditions in the Kings Creek interceptor lines should they occur during periods of heavy rains. Any overflow condition which may result from a heavy rain would be temporary, and the backflow prevention valves and pumping stations would provide an additional safeguard to affected customers should such an event occur. The Administrative Law Judge observes that the described backflow system is an innovation which was originally conceived by the City's employees, and the Administrative Law Judge is placing a substantial weight on the engineering review of the Division of Environmental Protection and Commission Staff in certifying that the proposed buffer system should function as it was described by the City officials.

Nevertheless, the Administrative Law Judge observes that the buffer system would be entirely unnecessary if the City successfully reduces the inflow and infiltration entering the Kings Creek interceptor to acceptable levels, based upon the represented carrying capacity of the interceptor and the dry weather demands of the existing and prospective customers to be served through the interceptor. If the inflow and infiltration levels are not adequately reduced, a properly functioning buffer system would merely mask any overflow conditions which may be experienced in the main Kings Creek interceptor, since the homes would not experience any backflow or other detrimental results during the high flow conditions. Therefore, it is important that the City continue to monitor the flows through the Kings Creek interceptor after the Hancock County Public Service District flows are added, to insure that excessive levels of inflow and infiltration are identified and eliminated. The mere activation of the pumps on the buffer systems during high flow conditions should be an immediate indicator to the City that excessively high volumes are being received through the Kings Creek interceptor, or indicate the presence of some other operational problem along the interceptor.

While the parties have agreed to Staff's recommended rates and the proposed operation and maintenance agreements and sewage treatment agreements between the City of Weirton and Hancock County Public Service District, the Administrative Law Judge does have some concern about the proposed sewage treatment rate and its resulting impact on the District's future operating expenses. The parties have proposed to apply the City's standard tariff rates for sewer service to the District's sewage flows as registered by a sewage flow meter. Those tariff rates have been designed to be applied against a customer's metered water usage. Since the District's sewage flow meter would also register any inflow and infiltration experienced on its own system, it should be assumed that the sewage flow meter will register a higher consumption level than the collective metered water usage of the District's individual customers. The Administrative Law Judge is unable to conclude whether Staff attempted to estimate an expected level of inflow and infiltration on the

District's system when estimating the District's sewage treatment expenses. If Staff projected that the District would experience little or no inflow or infiltration on its new system, it may have understated the District's sewage treatment expenses in this case.

Although the parties have referenced the City's tariff rate in establishing a contract rate for sewage treatment services, the contract would effectively have the District pay more than the City's approved tariff rate. Therefore, the parties are not following the City's approved tariff, but have instead created a special contract rate. If the parties had applied the City's rate blocks against the District's calculated water usage, the parties would have been following the City's approved tariff. The City's cost of providing sewer service per 1,000 gallons of effluent treated at the plant would be substantially less than its cost of providing sewer service per 1,000 gallons of its customers' water consumption. The levels of effluent treated by the City of Weirton are higher than its sewer customers' billed water usage, due to the significant levels of inflow and infiltration which have been historically experienced on the City of Weirton's system. Therefore, the City's cost of providing sewer service per 1,000 gallons of treated effluent should be significantly less than its cost of providing service per 1,000 gallons of metered water introduced into its system.

There is no cost of service study to support the negotiated special contract rate. Therefore, the Administrative Law Judge finds it reasonable and appropriate to condition the Commission's approval of the proposed sewage treatment agreement, filed in this case as Stipulated Exhibit No. 1, upon the institution of a general investigation to evaluate the reasonableness of the underlying sewage treatment rate contained in the sewage treatment agreement, as well as the reasonableness of the rates and charges the District charges to its customers, after the District has been in operation for twelve (12) months. At that time, there will be sufficient operational experience, expenses and account information and consumption data to allow the Commission to conduct appropriate class cost of service studies and scrutinize the negotiated sewage treatment rate, as well as the District's overall rates and charges. In the alternative, if the parties agree to modify the contract so that the City's tariff rate is applied against the total water usage billed to the District's customers, the ALJ would relieve the parties of this future filing requirement because they would merely be applying the City's approved tariff charges.

The Administrative Law Judge also finds it reasonable and appropriate to authorize the parties to enter into the described operation and maintenance agreement, filed in this case as Stipulated Exhibit No. 2, recognizing that any disputes between the parties concerning future payment schedules may be submitted for Commission review and approval, according to the terms of the contract.

Finally, the Administrative Law Judge finds it reasonable and appropriate to approve the requested certificates of public convenience and necessity for the City of Weirton and the Hancock County Public Service District to construct the distribution systems and upgrades described in the reopened proceeding. Based upon the evidence presented

in this case, the Administrative Law Judge concludes that the described projects have been shown to be consistent with the public interest, technically and financially feasible, and supported by sufficient financing and adequate rates and charges.

FINDINGS OF FACT

1. The Hancock County Public Service District's proposed sewage collection system was previously found to be consistent with the public need, and the Commission recommended approval of that project, as long as the following conditions were met:

- a. The existing problems on the Kings Creek interceptor had to be corrected to an extent where the acceptance of additional flows from the Hancock County Public Service District through the Kings Creek interceptor would not pose an operational problem to the City of Weirton.
- b. The Kings Creek interceptor upgrade had to be accomplished within the cost estimates and financial limits for the District's sewer project. If the Kings Creek interceptor upgrade increased project costs or associated rates, supplemental approval would be required for the increased project costs, expenses and rates.
- c. The City of Weirton and the Hancock County Public Service District were to enter into a sewage treatment agreement which contained a treatment rate of no more than \$1.45 per 1,000 gallons.

(November 5, 1991 Commission Order in Case No. 90-558-PSD-CN).

2. In this reopened case, the parties have sought Commission approval of a modified project which included certain modifications to the City of Weirton's Kings Creek interceptor, as well as other system improvements which were to be independently performed by the City of Weirton. (See, Amended Applications and Supplemental Information filed by Hancock County Public Service District and the City of Weirton on January 21, 1993, April 12, and 13, 1993).

3. The City has substantially reduced the inflow and infiltration through the Kings Creek interceptor line to a point where the City has not observed any continuing overflow problems in the affected lines, even during heavy rains. (Tr., pp. 47-51, 56-59, 71-74, 86-93).

4. The buffer system proposed by the City of Weirton is designed eliminate the detrimental impact of overflow conditions in the Kings Creek interceptor lines should they occur during periods of heavy rains. Any overflow condition which may result from a heavy rain would be temporary, and the backflow prevention valves and pumping stations would provide an additional safeguard to affected customers should such an event occur. (Joint Exh. No. 3, p. 4-1; Tr., pp. 44-46, 51-53, 57-58, 91-95).

5. The City of Weirton maintains it would not be required to increase its rates, in any fashion, to fund the proposed improvements and upgrades to the Kings Creek interceptor and its associated system. The operating expenses of the City have been significantly reduced over the past few years by the elimination of inflow and infiltration on its system, which has correspondingly reduced the City's pumping expenses and treatment expenses at its plant. (Staff Exh. No. 1; Tr., p. 83).

6. Although the total project cost to the Hancock County Public Service District has increased from the level previously approved by the Commission's November 5, 1991 Order in Case No. 90-558-PWD-CN, the increased project costs have been more than offset by increased EPA grant fundings. In fact, the total amount of the WDA loan is slightly less than the level which was previously approved by the Commission for the District. The District is also now able to receive a more favorable interest rate of 6.75% on the WDA loan, and its resulting debt service is lower than originally projected by Commission Staff in the earlier proceedings. (Staff Exh. No. 1; Tr., pp. 108-109, 128-130).

7. Commission Staff has recommended that the District establish the following rates and charges for use after construction of its system:

Customer Charge	\$ 6.50 per month
Usage Charge	\$ 6.00 per 1,000 gallons
Flat Charge	\$33.50 (for customers who have a non-metered water supply)

The Staff-recommended rates, which are lower than the rates originally requested by the District in Case No. 90-558-PSD-CN, have been accepted for use by the District. (Staff Exh. No. 1; Tr., pp. 112, 130-131, 134-135).

8. The City of Weirton and Hancock County Public Service District also tendered a Sanitary Sewage Treatment Agreement for the Commission's review and approval. Under the Sanitary Sewage Treatment Agreement, the City of Weirton has agreed to accept and treat sewage from the Hancock County Public Service District's system at a single point of interconnection along the Kings Creek interceptor. The District is required to install a sewage flow meter at the point of connection and maintain the meter in good working order to insure that it accurately reflects the volume of effluent received from the District's service area. (Joint Exh. No. 1).

9. By the terms of the proposed sewage treatment agreement, the District has agreed to pay the City for sewage treatment rendered by applying the metered sewage flows to the rate blocks set forth in the City's existing tariff. Although those rate blocks were originally designed to be applied against a customer's metered water usage, the parties have agreed to apply those same rates and charges against all flows received from the District's service area by the City's system for treatment. (Joint Exh. No. 1).

10. Commission Staff has recommended approval of the aforementioned sewage Treatment Agreement and the associated rates and charges for sewage treatment services. (Staff Exh. No. 1; Tr., pp. 138-139).

11. The parties have also proposed to enter into an Operation and Maintenance Agreement by which the City of Weirton would provide normal repair and maintenance on the District's system, according to a fee schedule set forth in Exhibit A to the Agreement. The balance due for services rendered under the Operation and Maintenance Agreement shall be credited against the interest and principal which accumulate on the portion of the District's WDA bond issue which was related to the upgrade and construction of the Kings Creek interceptor. (Joint Exh. No. 2; Tr., pp. 113-114).

12. After review of the terms and conditions of the Operation and Maintenance Agreement, Commission Staff recommended approval of that agreement, in accordance with the provisions of West Virginia Code §24-2-12. (Staff Exh. Nos. 1 and 2).

CONCLUSIONS OF LAW

1. The Administrative Law Judge finds it reasonable and appropriate to grant the requested certificates of public convenience and necessity to the City of Weirton and the Hancock County Public Service District to construct the distribution systems and upgrades described in the reopened proceeding. Based upon the evidence presented in this case, the Administrative Law Judge concludes that the described projects have been shown to be consistent with the public interest, technically and financially feasible, and supported by sufficient financing and adequate rates and charges.

2. Although the parties have referenced the City's tariff rate in establishing a contract rate for sewage treatment services, the contract would effectively have the District pay more than its approved tariff rate. Therefore, the parties are not following the City's approved tariff, but have instead created a special contract rate.

3. The City's cost of providing sewer service per 1,000 gallons of treated effluent should be significantly less than its cost of providing service per 1,000 gallons of metered water introduced into its system. There is no cost of service study to support the negotiated special contract rate. Therefore, the Administrative Law Judge finds it reasonable and appropriate to condition the Commission's approval of the proposed sewage treatment agreement, filed in this case as Stipulated Exhibit No. 1, upon the institution of a general investigation to evaluate the reasonableness of the underlying sewage treatment rate contained in the sewage treatment agreement, as well as the reasonableness of the rates and charges the District charges to its customers, after the District's sewage collection system has been in operation for twelve (12) months.

4. In the alternative, if the parties agree to modify the sewage treatment contract so that the City's tariff rate is applied against the

total water usage billed to the District's customers, the ALJ would relieve the parties of this future filing requirement because they would merely be applying the City's approved tariff charges.

5. The Administrative Law Judge finds it reasonable and appropriate to authorize the parties to enter into the described operation and maintenance agreement, filed in this case as Stipulated Exhibit No. 2, recognizing that any disputes between the parties concerning future payment schedules may be submitted for Commission review and approval, according to the terms of the contract.

ORDER

IT IS, THEREFORE, ORDERED that the Hancock County Public Service District is hereby granted a certificate of public convenience and necessity to construct a centralized sewage collection system to serve the territories reflected in its original application in this case, at a total project cost not to exceed \$5,185,708, and is hereby granted the Commission's consent and approval to accept up to \$3,501,765 in EPA grant funds and borrow up to \$1,547,443 from the WDA to help finance the construction. In the event that actual bids or project modifications cause the total cost and financing to exceed the limits set forth above, Hancock County Public Service District would be required to obtain supplemental Commission approval of its modified project.

IT IS FURTHER ORDERED that the City of Weirton is hereby granted a certificate of public convenience and necessity to construct the described upgrades and improvements to its Kings Creek interceptor, and its Willow Street, Country Club Boulevard, Chateau Village and Cove Valley Estates areas, as more fully described in its amended application and submissions of April 13, 1993, and as described herein.

IT IS FURTHER ORDERED that Hancock County Public Service District is hereby granted the Commission's consent and approval to institute the following rates and charges to its customers served by the certificated project upon completion of its construction:

Customer Charge	\$ 6.50 per month
Usage Charge	\$ 6.00 per 1,000 gallons
Unmetered Customer Charge	\$33.50 per month
(flat rate equivalent to 4,500 gallons of water usage per month)	
Connection Charge -	
Prior to completion of construction adjacent to the customer's property -- \$250.00	
Subsequent to construction adjacent to the customer's property -- \$300.00	

IT IS FURTHER ORDERED that Hancock County Public Service District is hereby required to file a copy of its approved tariff within thirty (30) days of the date this order becomes a final order of the Commission, and is hereby required to promptly notify the Commission of the actual date

its construction is completed and sewage flows from the District's system are transported to the City of Weirton for treatment.

IT IS FURTHER ORDERED that the Hancock County Public Service District and the City of Weirton are hereby granted the Commission's consent and approval to enter into the proposed sewage treatment agreement filed in this case as Joint Exhibit No. 1, without specifically approving or disapproving the terms and conditions set forth in that proposed agreement. Unless the terms and conditions of that proposed agreement are subsequently modified by mutual agreement of the parties to provide that the Hancock County Public Service District's sewage treatment charges will be calculated by applying the prevailing tariff block rates for the City of Weirton against the collective billed water consumption of Hancock County Public Service District's sewer customers, the parties are hereby required to petition the Commission for a further evaluation of the appropriateness and reasonableness of the special contract rate set forth in the agreement for the treatment of the District's sewage flows, after the District's sewer system has been in operation for twelve months.

IT IS FURTHER ORDERED that the Hancock County Public Service District and the City of Weirton are hereby granted the Commission's consent and approval to enter into the proposed operation and maintenance agreement, filed in this case as Joint Exhibit No. 2, without specifically approving or disapproving of the specific terms and conditions of that agreement.

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.



Robert F. Williams

Deputy Chief Administrative Law Judge

RFW:dfs



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 1st day of November, 1995.

CASE NO. 90-558-PSD-CN (Reopened)

HANCOCK COUNTY PUBLIC SERVICE DISTRICT
Petition to reopen sewer certificate
application and for approval of
revised financing incidental thereto.

COMMISSION ORDER

On November 5, 1991, Hancock County Public Service District (Hancock) was conditionally granted a certificate of need (CON) to construct a centralized sewage collection system to serve Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres, and portions of Wylie Ridge, Carouthers, Cable, Lick Run, Lyons, Rainey Hill, Kings Creek, Shady Glen, Laurel, Anderson and Marilyn Lane Road. The City of Weirton would treat the flows from this project, and the CON was conditioned upon correcting problems at Weirton's Kings Creek interceptor within the cost estimates of Hancock's proposed project.

In 1992, Hancock filed a complaint case against Weirton, Case No. 92-0364-PSD-S-C, which resulted in an order requiring Hancock and Weirton to jointly file a new or amended CON to upgrade the Kings Creek interceptor.

On April 13, 1993, Hancock and Weirton jointly petitioned to reopen the 1990 CON case to address the Kings Creek upgrade. They published notice of a proposed \$35.75 flat rate and a \$6.50/1,000 gallon usage rate in the *Weirton Daily Times* on May 21, 1993.

The reopening was protested and a hearing was conducted on August 30, 1993. Mary Alice DiBacco, who had been granted intervenor status in the original application, was present and her intervenor status was reaffirmed. She filed an initial brief on October 4, 1993.

The primary purpose of the hearing was to evaluate the contemplated upgrade of the Kings Creek interceptor. Rec. Dec. p. 6 (Nov. 29, 1993). Weirton testified that it had found and disconnected a storm sewer drain, which substantially reduced inflow and infiltration into the Kings Creek interceptor. Rec. Dec. pp. 6-7. The interceptor is designed to handle 4,000,000

gallons per day. Rec. Dec. p. 7. Weirton passes 600,000 gallons per day through it, leaving a capacity of 3.4 million gallons per day. Id. Hancock is projected to flow 180,000 gallons per day into the Kings Creek interceptor. Id.

In spite of the projected ability to handle Hancock's flows, Weirton proposed constructing a buffer system for the Kings Creek area, using existing employees. Id. p. 9. Weirton could construct the buffer system without a rate increase because Weirton's operating expenses had been significantly reduced by its program to eliminate inflow and infiltration into the sanitary sewer system. Id.

By Recommended Decision, which became the Commission's final order on November 29, 1993, the amended project was approved, conditioned upon a general investigation into the reasonableness of Weirton's sewage treatment charge being instituted one year after Weirton begins treating Hancock's flows. Further, if bids or project modifications caused the total costs to exceed those approved in the order, Hancock was required to obtain supplemental Commission approval.

In 1995, Hancock bid the project and found that construction bids and other project costs exceeded original estimates. On August 4, 1995, Hancock petitioned to again reopen the CON case, this time for approval of revised financing. The revised budget is \$6,400,073, up \$1,214,365 from the 1993 order:

	1993 Order	1995 revised	Increase (Decrease)
SRF loan	0	883,973	883,973
WDA loan	1,547,443	1,369,620	(177,823)
Subtotal loans	1,547,443	2,253,593	706,150
EPA grant	3,501,765	3,990,230	488,465
Tap fees	136,500	156,250	19,750
TOTAL FUNDING	5,185,708	6,400,073	1,214,365

Hancock also requested an increase in rates as follows:

	1993 Order	1995 revised	Increase
Usage charge	\$6.00/1,000 gal	\$6.50/1,000 gal	\$0.50/1,000 gal
Flat rate for nonmetered customers	\$33.50/month	\$35.75/month	\$2.25/month

On August 29, 1995, Ms. DiBacco advised the Commission by letter that the Kings Creek problems had not been resolved, even though Weirton had installed the buffer system. On one occasion the buffer system worked correctly, yet on at least two others it had not. She argued that inflow and infiltration was a larger problem than Weirton admitted and questioned how Hancock flows could reasonably be introduced. She objected to the increased cost estimates and customer rates and requested a hearing.

Hancock's engineers responded on October 2, 1995, to a Staff data request that two of the four Kings Creek buffer systems were completed, a third would soon be on line and the fourth would be operational before Hancock's project was connected to the Kings Creek interceptor. Further, Weirton was continuing monthly tests to reduce inflow and infiltration.

By letter filed October 2, 1995, also in response to a Staff data request, Hancock advised that "The time delay in bringing the project to construction has impacted the project costs. Legal, right-of-way and administration costs have increased significantly. . . [T]he District will need assistance in administering the State Revolving Fund loan." Engineering and bond counsel fees have increased since the 1987 estimate, and accounting fees were not included in the previous budget. Additional engineering services were required.

In a Final Joint Staff Memorandum filed October 25, 1995, Staff accepts Weirton's position that the four buffers will correct the Kings Creek interceptor problem. Since the buffers are not complete, neither Staff nor anyone else can factually determine their effectiveness. Therefore, Staff advises that a hearing at this time would serve no useful purpose.

Staff also addressed the question of whether sufficient public notice has been given for the proposed rates. In 1993, the Administrative Law Judge (ALJ) approved rates which are less than Hancock requests in this application. The rates Hancock requests were published in 1993, thus Staff concludes that there has been proper notice and no further publication is required.

Further, Staff advised that the proposed rates are supported by the Rule 42 filing Hancock made on October 2, 1995, and are necessary to provide sufficient revenue to absorb the additional debt service. Staff advised that it was normal for costs to increase when there was a large span of time between when projects were estimated and bid. Need and necessity for the project have not changed, Staff further advised.

Staff noted that Hancock could not realistically expect to receive the \$20,000 increase in tap fees. When the project was bid, Hancock planned to replace the transmission lines inside two trailer parks and collect tap fees from each individual

connection. Now, though, the trailer parks have elected not to have Hancock replace their transmission lines and Hancock will collect one tap fee for each trailer park. The potential shortfall from not collecting the individual tap fees is more than offset, though, by the \$100,000 Hancock had allotted to replace the transmission lines.

Staff recommended that the certificate case be reopened, the revised financing be approved, the proposed increased rate be approved to be effective upon completion of the project, and that Hancock file a rate case within one year of beginning operation to assess whether its rates are adequate or excessive.

Bids will expire on November 3, 1995. Therefore, Hancock asked the Commission consider its application quickly.

DISCUSSION

Our decision to grant Hancock a certificate of need was predicated upon estimates prepared several years ago. Hancock has recently advised that current bids and other project costs exceed the earlier estimates. Therefore, it is appropriate to reopen this case to consider Hancock's request for approval of revised financing and rates.

Upon reopening, we have three issues before us:

1. Whether to grant Ms. DiBacco's request for a hearing,
2. Whether to approve the revised financing, and
3. Whether to approve the revised rates.

Ms. DiBacco alleges that problems with the Kings Creek interceptor continue. She was granted intervenor status in the original application and this status was reaffirmed in 1993. She filed an initial brief in the 1993 proceeding, raising the same concerns as she does in 1995. Thus, upon our facts, it is clear that she has been afforded an opportunity to fully participate, and, in fact, has fully participated, in this proceeding.

In this reopened case she requests a hearing, speculating that the buffer system will not solve the Kings Creek interceptor problem. However, the improvements are not yet complete. Hancock's engineers advised that two of the four buffer systems were completed, a third would soon be on line and the fourth would be operational before Hancock's project was connected to the Kings Creek interceptor. Further, they advised Weirton was continuing monthly tests to reduce inflow and infiltration. Thus, the evidence to assess Ms. DiBacco's concern does not yet exist. Moreover, the uncontroverted engineering evidence from the 1993 case showed that there was sufficient capacity at the Kings Creek interceptor to handle Hancock's flows and then some. Under these circumstances, a hearing at this time would serve no

useful purpose. Therefore, we shall deny her request for a hearing.

We wish to make clear, however, that we value participation by citizens such as Ms. DiBacco and our decision should not be interpreted to discourage such participation. Furthermore, our decision does not prevent Ms. DiBacco or other Kings Creek residents from filing a formal complaint with the Commission should the completed buffer system fail to provide the intended protection. We simply rule that such an evaluation cannot be made now, before the buffer system is completed. If it is later found that the buffer system is inadequate, we can order Weirton at that time to take further action.

Finding that a hearing is not necessary, we turn to Hancock's revised financing. The financing approved in 1993 falls \$1,214,365 short of that required to complete the project. Hancock has proposed to cover this shortfall with a \$883,973 loan from the State Revolving Fund; an additional \$488,465 in EPA grant money; and about \$20,000 more in tap fees. These additional amounts are offset by a reduction of \$177,823 from the Water Development Authority loan. We agree with Staff that Hancock's tap fee estimate is incorrect, but that the inaccuracy is more than offset by the \$100,000 allotted to replace transmission lines which Hancock will not have to spend.

Hancock advised that the increase was necessary because of "the time delay in bring the project to construction," because legal, right-of-way, administrative, engineering and bond counsel fees have increased, and because certain accounting and engineering fees were not included in the previous budget. We agree with Staff that when project funding is approved several years before a project is bid and completed, it is sometimes necessary to revise financing estimates. That is what occurred in this case. We find that the revised funding is reasonable and shall approve Hancock's request.

As to the increased rates, we agree with Staff that the proposed usage charge and the proposed flat rate for customers with unmetered water supplies are supported by Hancock's recent Rule 42 filing. We also find that there has been sufficient public notice of the proposed rates because the proposed rates were published in 1993. Since there has been notice and since the proposed rates are supported by the Rule 42 filing, we shall approve the proposed usage charge and the flat rate for customers with unmetered water supplies.

FINDINGS OF FACT

1. On November 5, 1991, Hancock was conditionally granted a CON to construct a centralized sewage collection system to

serve certain areas of Hancock County. Weirton would treat the flows from this project, and the CON was conditioned upon correcting problems at Weirton's Kings Creek interceptor within the cost estimates of Hancock's proposed project.

2. In 1992, Hancock filed a complaint case against Weirton, Case No. 92-0364-PSD-S-C, which resulted in an order requiring Hancock and Weirton to jointly file a new or amended CON to upgrade the Kings Creek interceptor.

3. On April 13, 1993, Hancock and Weirton jointly petitioned to reopen the 1990 CON case to address the Kings Creek upgrade.

4. Hancock and Weirton published notice of a proposed \$35.75 flat rate and a \$6.00/1,000 gallon usage rate in the *Weirton Daily Times* on May 21, 1993.

5. The reopening was protested and a hearing was conducted on August 30, 1993.

6. Ms. DiBacco, who had been an intervenor in the original application, was present and her intervenor status was reaffirmed. She filed an initial brief on October 4, 1993.

7. The 1993 hearing was to evaluate the contemplated upgrade of the Kings Creek interceptor. Rec. Dec. p. 6 (Nov. 29, 1993).

8. Weirton testified that it had found and disconnected a storm sewer drain, which substantially reduced inflow and infiltration into the Kings Creek interceptor. Rec. Dec. pp. 6-7.

9. The Kings Creek interceptor is designed to handle 4,000,000 gallons per day. Rec. Dec. p. 7.

10. Weirton passes 600,000 gallons per day through it, leaving a capacity of 3.4 million gallons per day. Id.

11. Hancock is projected to flow 180,000 gallons per day into the Kings Creek interceptor. Id.

12. In spite of the projected ability to handle Hancock's flows, Weirton proposed constructing a buffer system for the Kings Creek area, using existing employees. Id. p. 9.

13. Weirton could construct the buffer system without a rate increase because Weirton's operating expenses had been significantly reduced by its program to eliminate inflow and infiltration into the sanitary sewer system. Id. p. 9.

14. By Recommended Decision, which became the Commission's final order on November 29, 1993, the amended project was approved, conditioned upon a general investigation into the reasonableness of the sewage treatment charge after one year of the rates being in effect.

15. Further, if bids or project modifications caused the total costs to exceed those approved in the order, Hancock was required to obtain supplemental Commission approval.

16. In 1995, Hancock bid the project and found that construction bids and other project costs have exceeded original estimates by \$1,214,365.

17. On August 4, 1995, Hancock petitioned to again reopen the CON case, this time for approval of revised financing and revised rates.

18. Hancock proposes a \$6.50/1,000 gallon usage charge, up \$0.50/1,000 gallon from the \$6.00/1,000 gallon rate approved in 1993.

19. Hancock proposes a \$35.75 flat rate for customers with non-metered water supplies, up \$2.25 from the \$33.50 rate approved in 1993.

20. On August 29, 1995, Ms. DiBacco advised the Commission that the Kings Creek problems had not been resolved.

21. She objected to the increased cost estimates and customer rates and requested a hearing.

22. Two of the four buffer systems are completed, a third will soon be on line and the fourth will be operational before Hancock's project is connected to the Kings Creek interceptor. Further, Weirton is continuing monthly tests to reduce inflow and infiltration.

23. The time delay in bringing Hancock's project to construction has impacted the project costs.

24. Legal, right-of-way and administration costs have increased.

25. Hancock will need assistance in administering the State Revolving Fund loan.

26. Engineering and bond counsel fees have increased.

27. Accounting fees were not included in the previous budget.

28. Additional engineering services were required.
29. Staff accepts Weirton's position that the four buffers will correct the Kings Creek interceptor problem.
30. Staff advises that a hearing on the effectiveness of the buffers will serve no useful purpose at this time because the buffer system is not complete.
31. In 1993, the ALJ approved lesser rates than Hancock requests in this application.
32. Staff advised that the 1993 publication of the proposed rates provided sufficient public notice to permit approval of the revised rates without requiring further publication.
33. Staff advised that the proposed rates are supported by the Rule 42 filing Hancock made on October 2, 1995.
34. Staff advised that the proposed rates are necessary for Hancock to be able to absorb additional debt service costs.
35. Staff advised that it was normal for costs to increase when there was a large span of time between when projects were estimated and bid.
36. Staff advised that Hancock can not realistically expect to receive the \$20,000 increase in tap fees.
37. Hancock bid the project to include the replacement of transmission lines inside two trailer parks.
38. Hancock allotted \$100,000 in project funds to replace the transmission lines.
39. Hancock planned to collect tap fees from each individual connection inside these two trailer parks.
40. The two trailer parks have elected not to have Hancock replace their transmission lines.
41. As a result, Hancock, in fact, will collect only one tap fee from each of the trailer parks.
42. Bids will expire on November 3, 1995.

CONCLUSIONS OF LAW

1. We should reopen this CON case to assess Hancock's revised financing and rates because the 1993 decision was predicated upon estimates prepared several years ago and Hancock has advised that current bids and other project costs exceed the

earlier estimates.

2. Ms. DiBacco's request for a hearing on the Kings Creek interceptor problem raises the same concerns that she raised in 1993.

3. Ms. DiBacco has been afforded an opportunity to fully participate, and, in fact, has fully participated, in this case as an intervenor in the 1990 proceeding; with her intervenor status reaffirmed in 1993; by filing an initial brief on the Kings Creek issue in 1993; and by participating in this reopened proceeding.

4. Ms. DiBacco's request for a hearing in 1995 is based upon speculation that the buffer system, when completed, will not solve the Kings Creek interceptor problem.

5. Since the buffer system improvements are not yet completed, the evidence to assess her concerns does not yet exist.

6. Ms. DiBacco's speculation is at odds with uncontroverted engineering testimony in 1993 that there was sufficient capacity at the Kings Creek interceptor to handle Hancock's flows and then some.

7. Under the circumstances set forth in paragraphs 2, 3, 4, 5, and 6, a hearing at this time would serve no useful purpose. Therefore, we shall deny Ms. DiBacco's request for a hearing.

8. Once the buffers are completed, Ms. DiBacco or other Kings Creek residents can file a formal complaint with the Commission if the buffers are ineffective and Weirton can be ordered to take further action.

9. The financing approved in 1993 falls \$1,214,365 short of that required to complete the project.

10. Revised financing is necessary because bids and project costs have increased since the funding was approved.

11. Hancock's proposal to receive \$20,000 in additional tap fees is unrealistic.

12. Hancock's unrealistic \$20,000 tap fee proposal is more than offset by the \$100,000 Hancock set aside to replace transmission lines in two trailer parks, which now will not have to be spent.

13. Hancock's proposed financing, as modified by paragraphs 11 and 12 above, is reasonable and shall be approved.

14. Hancock's proposed usage charge and proposed flat rate for customers with unmetered water supplies are supported by its October 2, 1995, Rule 42 filing.

15. Hancock needs to increase its rates to provide sufficient revenue to absorb the additional debt service.

16. Publication in 1993 of the proposed rates is sufficient to allow consideration of Hancock's recent request to implement those rates.

17. Since there has been public notice of the proposed rates and since the proposed rates are supported by the Rule 42 filing, we shall approve the proposed usage charge and the flat rate for customers with unmetered water supplies.

18. Need and necessity for the project have not changed since 1993.

ORDER

IT IS, THEREFORE, ORDERED that Case No. 90-558-PSD-CN is reopened to consider Hancock's petition for approval of revised financing incidental thereto.

IT IS FURTHER ORDERED that Ms. DiBacco's request for a hearing is denied.

IT IS FURTHER ORDERED that Hancock's application to revise financing, as modified above, is granted.

IT IS FURTHER ORDERED that Hancock's application to revise its usage charge and the proposed flat rate charge for customers with unmetered water supplies is granted. Hancock shall institute the revised charges upon completion of the project.

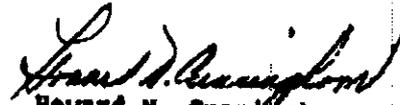
IT IS FURTHER ORDERED that in the event the scope or financing of the project changes, Hancock is required to seek further Commission approval thereof.

IT IS FURTHER ORDERED that in all other respects the Recommended Decision which became final November 29, 1993, remains in full force and effect.

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

ARC.

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and Dan Wilson, Chairman of Hancock County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 7th day of December, 1995, the Authority received the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer (the "Series 1995 A Bonds"), in the principal amount of \$289,532, numbered AR-1, the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer (the "Series 1995 B Bonds"), in the principal amount of \$1,080,088, numbered BR-1, and the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer (the "Series 1995 C Bonds"), in the principal amount of \$883,974, numbered CR-1, each issued as a single, fully registered Bond, and each dated December 7, 1995.

2. At the time of such receipt of the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds upon original issuance, all of the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds had been executed by Dan Wilson, as Chairman of the Issuer, and Don Lemasters, as Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1995 A Bonds and the Series 1995 B Bonds, of the proceeds of the Series 1995 A Bonds and the Series 1995 B Bonds in the respective aggregate principal amounts of \$289,532 and \$1,080,088 (100% of par value), there being no interest accrued thereon.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1995 C Bonds, of \$381,672, being a portion of the principal amount of the Series 1995 C Bonds. The balance of the principal amount of the Series 1995 C Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 7th day of December, 1995.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Secretary-Treasurer

HANCOCK COUNTY PUBLIC SERVICE DISTRICT


Chairman

12/04/95
HANJM.I4
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Hancock County Public Service District Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), in the principal amount of \$289,532 (the "Series 1995 A Bonds"), Bond No. BR-1, constituting the entire original issue of Hancock County Public Service District Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), in the principal amount of \$1,080,088 (the "Series 1995 B Bonds"), and Bond No. CR-1, constituting the entire original issue of Hancock County Public Service District Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), in the principal amount of \$883,974 (the "Series 1995 C Bonds"), all dated December 7, 1995 (collectively, the "Bonds"), executed by the Chairman and Secretary of Hancock County Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 6, 1995, and a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issues, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 1995 A Bonds and Series 1995 B Bonds, dated December 7, 1995, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and a loan agreement for the Series 1995 C Bonds dated September 29, 1995, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection (collectively, the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 1995 A Bonds to the Authority upon payment to the Issuer of the sum of \$289,532, representing the agreed aggregate purchase price of the Series 1995 A Bonds, there being no accrued interest thereon. You are also hereby requested and authorized to deliver the Series 1995 B Bonds to the Authority upon payment to the Issuer of the sum of \$1,080,088, representing the agreed aggregate purchase price of the Series 1995 B Bonds, there being no accrued interest thereon. You are further hereby requested and authorized to deliver the Series 1995 C Bonds to the Authority upon payment to the Issuer of the sum of \$381,672, representing a portion of the principal amount of the Series 1995 C Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 7th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT



Chairman

12/04/95
HANJM.J4
373520/90001

(SPECIMEN SERIES 1995 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$289,532

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED EIGHTY-NINE THOUSAND FIVE HUNDRED THIRTY-TWO DOLLARS (\$289,532), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT A:

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1996. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated December 7, 1995.

~ This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on December 6, 1995, and a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED DECEMBER 7, 1995, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 B Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 1995 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 B Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 B Bonds and Series 1995 C 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 and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated December 7, 1995.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 7, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
HANCOCK COUNTY PSD

Dated Date 12/07/1995
Delivery Date 12/07/1995

\$ 289,532

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Dec 7, 1995	-	-	-	-	-
Apr 1, 1996	-	-	6,188.75	6,188.75	-
Oct 1, 1996	-	-	9,771.71	9,771.71	15,960.46
Apr 1, 1997	-	-	9,771.71	9,771.71	-
Oct 1, 1997	1,914.00	6.750%	9,771.71	11,685.71	21,457.42
Apr 1, 1998	-	-	9,707.11	9,707.11	-
Oct 1, 1998	2,043.00	6.750%	9,707.11	11,750.11	21,457.22
Apr 1, 1999	-	-	9,638.16	9,638.16	-
Oct 1, 1999	2,181.00	6.750%	9,638.16	11,819.16	21,457.32
Apr 1, 2000	-	-	9,564.55	9,564.55	-
Oct 1, 2000	2,328.00	6.750%	9,564.55	11,892.55	21,457.10
Apr 1, 2001	-	-	9,485.98	9,485.98	-
Oct 1, 2001	2,486.00	6.750%	9,485.98	11,971.98	21,457.96
Apr 1, 2002	-	-	9,402.08	9,402.08	-
Oct 1, 2002	2,653.00	6.750%	9,402.08	12,055.08	21,457.16
Apr 1, 2003	-	-	9,312.54	9,312.54	-
Oct 1, 2003	2,832.00	6.750%	9,312.54	12,144.54	21,457.08
Apr 1, 2004	-	-	9,216.96	9,216.96	-
Oct 1, 2004	3,024.00	6.750%	9,216.96	12,240.96	21,457.92
Apr 1, 2005	-	-	9,114.90	9,114.90	-
Oct 1, 2005	3,228.00	6.750%	9,114.90	12,342.90	21,457.80
Apr 1, 2006	-	-	9,005.95	9,005.95	-
Oct 1, 2006	3,446.00	6.750%	9,005.95	12,451.95	21,457.90
Apr 1, 2007	-	-	8,889.65	8,889.65	-
Oct 1, 2007	3,678.00	6.750%	8,889.65	12,567.65	21,457.30
Apr 1, 2008	-	-	8,765.52	8,765.52	-
Oct 1, 2008	3,927.00	6.750%	8,765.52	12,692.52	21,458.04
Apr 1, 2009	-	-	8,632.98	8,632.98	-
Oct 1, 2009	4,192.00	6.750%	8,632.98	12,824.98	21,457.96
Apr 1, 2010	-	-	8,491.50	8,491.50	-
Oct 1, 2010	4,475.00	6.750%	8,491.50	12,966.50	21,458.00
Apr 1, 2011	-	-	8,340.47	8,340.47	-
Oct 1, 2011	4,777.00	6.750%	8,340.47	13,117.47	21,457.94
Apr 1, 2012	-	-	8,179.25	8,179.25	-
Oct 1, 2012	5,099.00	6.750%	8,179.25	13,278.25	21,457.50
Apr 1, 2013	-	-	8,007.15	8,007.15	-
Oct 1, 2013	5,443.00	6.750%	8,007.15	13,450.15	21,457.30
Apr 1, 2014	-	-	7,823.45	7,823.45	-
Oct 1, 2014	5,811.00	6.750%	7,823.45	13,634.45	21,457.90
Apr 1, 2015	-	-	7,627.33	7,627.33	-
Oct 1, 2015	6,203.00	6.750%	7,627.33	13,830.33	21,457.66
Apr 1, 2016	-	-	7,417.98	7,417.98	-
Oct 1, 2016	6,621.00	6.750%	7,417.98	14,038.98	21,456.96
Apr 1, 2017	-	-	7,194.52	7,194.52	-
Oct 1, 2017	7,068.00	6.750%	7,194.52	14,262.52	21,457.04
Apr 1, 2018	-	-	6,955.98	6,955.98	-
Oct 1, 2018	7,546.00	6.750%	6,955.98	14,501.98	21,457.96
Apr 1, 2019	-	-	6,701.30	6,701.30	-
Oct 1, 2019	8,055.00	6.750%	6,701.30	14,756.30	21,457.60
Apr 1, 2020	-	-	6,429.44	6,429.44	-
Oct 1, 2020	8,599.00	6.750%	6,429.44	15,028.44	21,457.88
Apr 1, 2021	-	-	6,139.23	6,139.23	-
Oct 1, 2021	9,179.00	6.750%	6,139.23	15,318.23	21,457.46
Apr 1, 2022	-	-	5,829.44	5,829.44	-

BOND DEBT SERVICE

West Virginia Water Development Authority
HANCOCK COUNTY

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	9,798.00	6.750%	5,829.44	15,627.44	21,456.88
Apr 1, 2023	-	-	5,498.75	5,498.75	-
Oct 1, 2023	10,460.00	6.750%	5,498.75	15,958.75	21,457.50
Apr 1, 2024	-	-	5,145.73	5,145.73	-
Oct 1, 2024	11,166.00	6.750%	5,145.73	16,311.73	21,457.46
Apr 1, 2025	-	-	4,768.88	4,768.88	-
Oct 1, 2025	11,920.00	6.750%	4,768.88	16,688.88	21,457.76
Apr 1, 2026	-	-	4,366.58	4,366.58	-
Oct 1, 2026	12,724.00	6.750%	4,366.58	17,090.58	21,457.16
Apr 1, 2027	-	-	3,937.14	3,937.14	-
Oct 1, 2027	13,583.00	6.750%	3,937.14	17,520.14	21,457.28
Apr 1, 2028	-	-	3,478.71	3,478.71	-
Oct 1, 2028	14,500.00	6.750%	3,478.71	17,978.71	21,457.42
Apr 1, 2029	-	-	2,989.34	2,989.34	-
Oct 1, 2029	15,479.00	6.750%	2,989.34	18,468.34	21,457.68
Apr 1, 2030	-	-	2,466.92	2,466.92	-
Oct 1, 2030	16,524.00	6.750%	2,466.92	18,990.92	21,457.84
Apr 1, 2031	-	-	1,909.24	1,909.24	-
Oct 1, 2031	17,639.00	6.750%	1,909.24	19,548.24	21,457.48
Apr 1, 2032	-	-	1,313.92	1,313.92	-
Oct 1, 2032	18,830.00	6.750%	1,313.92	20,143.92	21,457.84
Apr 1, 2033	-	-	678.41	678.41	-
Oct 1, 2033	20,101.00	6.750%	678.41	20,779.41	21,457.82
	289,532.00		520,357.96	809,889.96	809,889.96

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:

(SPECIMEN SERIES 1995 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$1,080,088

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION EIGHTY THOUSAND EIGHTY-EIGHT DOLLARS (\$1,080,088), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1996. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated December 7, 1995.

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This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on December 6, 1995, and a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED DECEMBER 7, 1995, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 A Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 A Bonds and Series 1995 C 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 and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated December 7, 1995.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 7, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

118
555
-
202
D
M.P.

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE

BOND DEBT SERVICE

West Virginia Water Development Authority

HANCOCK COUNTY PSD

Dated Date 12/07/1985

Delivery Date 12/07/1985

\$1,080,086

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Dec 7, 1985	-	-	-	-	-
Apr 1, 1986	-	-	23,086.88	23,086.88	-
Oct 1, 1986	-	-	36,452.97	36,452.97	59,539.85
Apr 1, 1987	-	-	36,452.97	36,452.97	-
Oct 1, 1987	6,191.80	6.750%	36,452.97	42,644.77	79,097.74
Apr 1, 1988	-	-	36,244.00	36,244.00	-
Oct 1, 1988	8,809.70	6.750%	36,244.00	42,853.70	79,097.70
Apr 1, 1989	-	-	38,020.92	38,020.92	-
Oct 1, 1989	7,055.80	6.750%	38,020.92	43,076.32	79,097.74
Apr 1, 2000	-	-	35,782.78	35,782.78	-
Oct 1, 2000	7,532.20	6.750%	35,782.78	43,314.98	79,097.76
Apr 1, 2001	-	-	35,528.57	35,528.57	-
Oct 1, 2001	8,040.50	6.750%	35,528.57	43,569.17	79,097.74
Apr 1, 2002	-	-	35,257.20	35,257.20	-
Oct 1, 2002	8,583.30	6.750%	35,257.20	43,840.50	79,097.70
Apr 1, 2003	-	-	34,987.51	34,987.51	-
Oct 1, 2003	9,162.70	6.750%	34,987.51	44,130.21	79,097.72
Apr 1, 2004	-	-	34,658.27	34,658.27	-
Oct 1, 2004	9,781.20	6.750%	34,658.27	44,439.47	79,097.74
Apr 1, 2005	-	-	34,328.16	34,328.16	-
Oct 1, 2005	10,441.40	6.750%	34,328.16	44,769.56	79,097.72
Apr 1, 2006	-	-	33,975.76	33,975.76	-
Oct 1, 2006	11,146.20	6.750%	33,975.76	45,121.96	79,097.72
Apr 1, 2007	-	-	33,599.58	33,599.58	-
Oct 1, 2007	11,898.50	6.750%	33,599.58	45,498.18	79,097.78
Apr 1, 2008	-	-	33,198.00	33,198.00	-
Oct 1, 2008	12,701.70	6.750%	33,198.00	45,899.70	79,097.70
Apr 1, 2009	-	-	32,769.02	32,769.02	-
Oct 1, 2009	13,559.10	6.750%	32,769.02	46,328.12	79,097.74
Apr 1, 2010	-	-	32,311.70	32,311.70	-
Oct 1, 2010	14,474.40	6.750%	32,311.70	46,788.10	79,097.80
Apr 1, 2011	-	-	31,823.19	31,823.19	-
Oct 1, 2011	15,451.40	6.750%	31,823.19	47,274.59	79,097.78
Apr 1, 2012	-	-	31,301.70	31,301.70	-
Oct 1, 2012	16,484.30	6.750%	31,301.70	47,798.03	79,097.70
Apr 1, 2013	-	-	30,745.02	30,745.02	-
Oct 1, 2013	17,607.70	6.750%	30,745.02	48,352.72	79,097.74
Apr 1, 2014	-	-	30,150.76	30,150.76	-
Oct 1, 2014	18,796.20	6.750%	30,150.76	48,948.96	79,097.72
Apr 1, 2015	-	-	29,518.09	29,518.09	-
Oct 1, 2015	20,065.00	6.750%	29,518.09	49,581.09	79,097.78
Apr 1, 2016	-	-	28,839.19	28,839.19	-
Oct 1, 2016	21,418.40	6.750%	28,839.19	50,258.59	79,097.78
Apr 1, 2017	-	-	28,118.29	28,118.29	-
Oct 1, 2017	22,865.20	6.750%	28,118.29	50,981.49	79,097.78
Apr 1, 2018	-	-	27,344.59	27,344.59	-
Oct 1, 2018	24,408.80	6.750%	27,344.59	51,753.19	79,097.78
Apr 1, 2019	-	-	26,520.80	26,520.80	-
Oct 1, 2019	26,056.10	6.750%	26,520.80	52,578.90	79,097.70
Apr 1, 2020	-	-	25,641.40	25,641.40	-
Oct 1, 2020	27,814.90	6.750%	25,641.40	53,456.30	79,097.70
Apr 1, 2021	-	-	24,702.55	24,702.55	-
Oct 1, 2021	29,682.40	6.750%	24,702.55	54,395.05	79,097.70
Apr 1, 2022	-	-	23,700.50	23,700.50	-

OLD BOND / 500 / 110

BOND DEBT SERVICE

West Virginia Water Development Authority
Hancock County 2 (Bridge Loan)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	31,696.70	6.750%	23,700.53	55,397.23	79,097.76
Apr 1, 2023	-	-	22,630.77	22,630.77	-
Oct 1, 2023	33,836.20	6.750%	22,630.77	56,466.97	79,097.74
Apr 1, 2024	-	-	21,488.80	21,488.80	-
Oct 1, 2024	36,120.10	6.750%	21,488.80	57,608.90	79,097.70
Apr 1, 2025	-	-	20,289.74	20,289.74	-
Oct 1, 2025	38,558.30	6.750%	20,289.74	58,828.04	79,097.78
Apr 1, 2026	-	-	18,968.40	18,968.40	-
Oct 1, 2026	41,160.90	6.750%	18,968.40	60,129.30	79,097.70
Apr 1, 2027	-	-	17,579.22	17,579.22	-
Oct 1, 2027	43,939.30	6.750%	17,579.22	61,518.52	79,097.74
Apr 1, 2028	-	-	16,098.27	16,098.27	-
Oct 1, 2028	46,905.20	6.750%	16,098.27	63,001.47	79,097.74
Apr 1, 2029	-	-	14,513.22	14,513.22	-
Oct 1, 2029	50,071.30	6.750%	14,513.22	64,584.52	79,097.74
Apr 1, 2030	-	-	12,823.31	12,823.31	-
Oct 1, 2030	53,451.10	6.750%	12,823.31	66,274.41	79,097.72
Apr 1, 2031	-	-	11,019.34	11,019.34	-
Oct 1, 2031	57,059.10	6.750%	11,019.34	68,078.44	79,097.78
Apr 1, 2032	-	-	9,093.59	9,093.59	-
Oct 1, 2032	60,910.60	6.750%	9,093.59	70,004.19	79,097.78
Apr 1, 2033	-	-	7,037.86	7,037.86	-
Oct 1, 2033	65,022.00	6.750%	7,037.86	72,059.86	79,097.72
Apr 1, 2034	-	-	4,843.37	4,843.37	-
Oct 1, 2034	69,411.00	6.750%	4,843.37	74,254.37	79,097.74
Apr 1, 2035	-	-	2,500.75	2,500.75	-
Oct 1, 2035	74,096.20	6.750%	2,500.75	76,596.95	79,097.70
	1,020,088.30		2,084,263.63	3,144,351.63	3,144,351.63

OLD BOND - SEE 11B

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:

OLD BOND - SEE 11B

(SPECIMEN SERIES 1995 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$1,080,088

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION EIGHTY THOUSAND EIGHTY-EIGHT DOLLARS (\$1,080,088), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1996. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated December 7, 1995.

11B

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on December 6, 1995, and a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED DECEMBER 7, 1995, ISSUED CONCURRENTLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 A Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 A Bonds and Series 1995 C 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 and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated January 9, 1996.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 9, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

SCHEDULE OF ANNUAL DEBT SERVICE

BOND DEBT SERVICE

West Virginia Water Dev Auth Series 1995B Loans
Hancock County Public Service District

Dated Date 1/09/1996
Delivery Date 1/09/1996

\$1,080,088

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jan 9, 1996	-	-	-	-	-
Apr 1, 1996	-	-	15,376.25	15,376.25	-
Oct 1, 1996	-	-	33,752.75	33,752.75	49,129.00
Apr 1, 1997	-	-	33,752.75	33,752.75	-
Oct 1, 1997	7,004.70	6.250%	33,752.75	40,757.45	74,510.20
Apr 1, 1998	-	-	33,533.85	33,533.85	-
Oct 1, 1998	7,442.50	6.250%	33,533.85	40,976.35	74,510.20
Apr 1, 1999	-	-	33,301.28	33,301.28	-
Oct 1, 1999	7,907.60	6.250%	33,301.28	41,208.88	74,510.16
Apr 1, 2000	-	-	33,054.16	33,054.16	-
Oct 1, 2000	8,401.80	6.250%	33,054.16	41,455.96	74,510.12
Apr 1, 2001	-	-	32,791.61	32,791.61	-
Oct 1, 2001	8,926.90	6.250%	32,791.61	41,718.51	74,510.12
Apr 1, 2002	-	-	32,512.64	32,512.64	-
Oct 1, 2002	9,484.90	6.250%	32,512.64	41,997.54	74,510.18
Apr 1, 2003	-	-	32,216.24	32,216.24	-
Oct 1, 2003	10,077.70	6.250%	32,216.24	42,293.94	74,510.18
Apr 1, 2004	-	-	31,901.31	31,901.31	-
Oct 1, 2004	10,707.50	6.250%	31,901.31	42,608.81	74,510.12
Apr 1, 2005	-	-	31,566.70	31,566.70	-
Oct 1, 2005	11,376.80	6.250%	31,566.70	42,943.50	74,510.20
Apr 1, 2006	-	-	31,211.18	31,211.18	-
Oct 1, 2006	12,087.80	6.250%	31,211.18	43,298.98	74,510.16
Apr 1, 2007	-	-	30,833.43	30,833.43	-
Oct 1, 2007	12,843.30	6.250%	30,833.43	43,676.73	74,510.16
Apr 1, 2008	-	-	30,432.08	30,432.08	-
Oct 1, 2008	13,646.00	6.250%	30,432.08	44,078.08	74,510.16
Apr 1, 2009	-	-	30,005.64	30,005.64	-
Oct 1, 2009	14,498.90	6.250%	30,005.64	44,504.54	74,510.18
Apr 1, 2010	-	-	29,552.55	29,552.55	-
Oct 1, 2010	15,405.00	6.250%	29,552.55	44,957.55	74,510.10
Apr 1, 2011	-	-	29,071.14	29,071.14	-
Oct 1, 2011	16,367.90	6.250%	29,071.14	45,439.04	74,510.18
Apr 1, 2012	-	-	28,559.65	28,559.65	-
Oct 1, 2012	17,390.90	6.250%	28,559.65	45,950.55	74,510.20
Apr 1, 2013	-	-	28,016.18	28,016.18	-
Oct 1, 2013	18,477.80	6.250%	28,016.18	46,493.98	74,510.16
Apr 1, 2014	-	-	27,438.75	27,438.75	-
Oct 1, 2014	19,632.60	6.250%	27,438.75	47,071.35	74,510.10
Apr 1, 2015	-	-	26,825.23	26,825.23	-
Oct 1, 2015	20,859.70	6.250%	26,825.23	47,684.93	74,510.16
Apr 1, 2016	-	-	26,173.37	26,173.37	-
Oct 1, 2016	22,163.40	6.250%	26,173.37	48,336.77	74,510.14
Apr 1, 2017	-	-	25,480.76	25,480.76	-
Oct 1, 2017	23,548.60	6.250%	25,480.76	49,029.36	74,510.12
Apr 1, 2018	-	-	24,744.87	24,744.87	-
Oct 1, 2018	25,020.40	6.250%	24,744.87	49,765.27	74,510.14
Apr 1, 2019	-	-	23,962.98	23,962.98	-
Oct 1, 2019	26,584.20	6.250%	23,962.98	50,547.18	74,510.16
Apr 1, 2020	-	-	23,132.22	23,132.22	-
Oct 1, 2020	28,245.70	6.250%	23,132.22	51,377.92	74,510.14
Apr 1, 2021	-	-	22,249.54	22,249.54	-
Oct 1, 2021	30,011.10	6.250%	22,249.54	52,260.64	74,510.18
Apr 1, 2022	-	-	21,311.70	21,311.70	-

BOND DEBT SERVICE

West Virginia Water Dev Auth Series 1995B Loans
Hancock County Public Service District

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	31,886.80	6.250%	21,311.70	53,198.50	74,510.20
Apr 1, 2023	-	-	20,315.23	20,315.23	-
Oct 1, 2023	33,879.70	6.250%	20,315.23	54,194.93	74,510.16
Apr 1, 2024	-	-	19,256.49	19,256.49	-
Oct 1, 2024	35,997.10	6.250%	19,256.49	55,253.59	74,510.08
Apr 1, 2025	-	-	18,131.58	18,131.58	-
Oct 1, 2025	38,247.00	6.250%	18,131.58	56,378.58	74,510.16
Apr 1, 2026	-	-	16,936.37	16,936.37	-
Oct 1, 2026	40,637.40	6.250%	16,936.37	57,573.77	74,510.14
Apr 1, 2027	-	-	15,666.45	15,666.45	-
Oct 1, 2027	43,177.20	6.250%	15,666.45	58,843.65	74,510.10
Apr 1, 2028	-	-	14,317.16	14,317.16	-
Oct 1, 2028	45,875.80	6.250%	14,317.16	60,192.96	74,510.12
Apr 1, 2029	-	-	12,883.54	12,883.54	-
Oct 1, 2029	48,743.10	6.250%	12,883.54	61,626.64	74,510.18
Apr 1, 2030	-	-	11,360.32	11,360.32	-
Oct 1, 2030	51,789.50	6.250%	11,360.32	63,149.82	74,510.14
Apr 1, 2031	-	-	9,741.90	9,741.90	-
Oct 1, 2031	55,026.30	6.250%	9,741.90	64,768.20	74,510.10
Apr 1, 2032	-	-	8,022.33	8,022.33	-
Oct 1, 2032	58,465.50	6.250%	8,022.33	66,487.83	74,510.16
Apr 1, 2033	-	-	6,195.28	6,195.28	-
Oct 1, 2033	62,119.60	6.250%	6,195.28	68,314.88	74,510.16
Apr 1, 2034	-	-	4,254.04	4,254.04	-
Oct 1, 2034	66,002.10	6.250%	4,254.04	70,256.14	74,510.18
Apr 1, 2035	-	-	2,191.48	2,191.48	-
Oct 1, 2035	70,127.20	6.250%	2,191.48	72,318.68	74,510.16
	1,080,088.00		1,874,936.96	2,955,024.96	2,955,024.96

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:

(SPECIMEN SERIES 1995 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1995 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1

\$883,974

KNOW ALL MEN BY THESE PRESENTS: That HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock 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 EIGHT HUNDRED EIGHTY-THREE THOUSAND NINE HUNDRED SEVENTY-FOUR DOLLARS (\$883,974), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on EXHIBIT B attached hereto. 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 Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated September 29, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) to pay interest

on the hereinafter described Series 1995 A Bonds and Series 1995 B Bonds during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the hereinafter described Series 1995 A Bonds; (iv) to fund a reserve account for the hereinafter described Series 1995 B Bonds; (v) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (vi) to pay certain costs of issuance hereof and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on December 6, 1995, and a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS"), BOTH DATED DECEMBER 7, 1995, ISSUED CONCURRENTLY HERewith.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1995 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient,

together With other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 B Bonds; provided however, that so long as there exists in the Series 1995 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 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 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 set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

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

of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, HANCOCK COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated December 7, 1995.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 7, 1995.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

SCHEDULE OF ANNUAL DEBT SERVICESCHEDULE Y

SRF

Hancock County PSD \$883,974 0% Interest Rate and 1% Administrative Fee				
DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/1997	-	-	-	-
6/01/1997	11,050.00	-	-	11,050.00
9/01/1997	11,050.00	-	-	11,050.00
12/01/1997	11,050.00	-	-	11,050.00
3/01/1998	11,050.00	-	-	11,050.00
6/01/1998	11,050.00	-	-	11,050.00
9/01/1998	11,050.00	-	-	11,050.00
12/01/1998	11,050.00	-	-	11,050.00
3/01/1999	11,050.00	-	-	11,050.00
6/01/1999	11,050.00	-	-	11,050.00
9/01/1999	11,050.00	-	-	11,050.00
12/01/1999	11,050.00	-	-	11,050.00
3/01/2000	11,050.00	-	-	11,050.00
6/01/2000	11,050.00	-	-	11,050.00
9/01/2000	11,050.00	-	-	11,050.00
12/01/2000	11,050.00	-	-	11,050.00
3/01/2001	11,050.00	-	-	11,050.00
6/01/2001	11,050.00	-	-	11,050.00
9/01/2001	11,050.00	-	-	11,050.00
12/01/2001	11,050.00	-	-	11,050.00
3/01/2002	11,050.00	-	-	11,050.00
6/01/2002	11,050.00	-	-	11,050.00
9/01/2002	11,050.00	-	-	11,050.00
12/01/2002	11,050.00	-	-	11,050.00
3/01/2003	11,050.00	-	-	11,050.00
6/01/2003	11,050.00	-	-	11,050.00
9/01/2003	11,050.00	-	-	11,050.00
12/01/2003	11,050.00	-	-	11,050.00
3/01/2004	11,050.00	-	-	11,050.00
6/01/2004	11,050.00	-	-	11,050.00
9/01/2004	11,050.00	-	-	11,050.00
12/01/2004	11,050.00	-	-	11,050.00
3/01/2005	11,050.00	-	-	11,050.00
6/01/2005	11,050.00	-	-	11,050.00
9/01/2005	11,050.00	-	-	11,050.00
12/01/2005	11,050.00	-	-	11,050.00
3/01/2006	11,050.00	-	-	11,050.00
6/01/2006	11,050.00	-	-	11,050.00
9/01/2006	11,050.00	-	-	11,050.00
12/01/2006	11,050.00	-	-	11,050.00
3/01/2007	11,050.00	-	-	11,050.00
6/01/2007	11,050.00	-	-	11,050.00
9/01/2007	11,050.00	-	-	11,050.00
12/01/2007	11,050.00	-	-	11,050.00
3/01/2008	11,050.00	-	-	11,050.00
6/01/2008	11,050.00	-	-	11,050.00
9/01/2008	11,050.00	-	-	11,050.00
12/01/2008	11,050.00	-	-	11,050.00
3/01/2009	11,050.00	-	-	11,050.00
6/01/2009	11,050.00	-	-	11,050.00

Hancock County PSD
\$883,974
0% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2009	11,050.00	-	-	11,050.00
12/01/2009	11,050.00	-	-	11,050.00
3/01/2010	11,050.00	-	-	11,050.00
6/01/2010	11,050.00	-	-	11,050.00
9/01/2010	11,050.00	-	-	11,050.00
12/01/2010	11,049.00	-	-	11,049.00
3/01/2011	11,049.00	-	-	11,049.00
6/01/2011	11,049.00	-	-	11,049.00
9/01/2011	11,049.00	-	-	11,049.00
12/01/2011	11,049.00	-	-	11,049.00
3/01/2012	11,049.00	-	-	11,049.00
6/01/2012	11,049.00	-	-	11,049.00
9/01/2012	11,049.00	-	-	11,049.00
12/01/2012	11,049.00	-	-	11,049.00
3/01/2013	11,049.00	-	-	11,049.00
6/01/2013	11,049.00	-	-	11,049.00
9/01/2013	11,049.00	-	-	11,049.00
12/01/2013	11,049.00	-	-	11,049.00
3/01/2014	11,049.00	-	-	11,049.00
6/01/2014	11,049.00	-	-	11,049.00
9/01/2014	11,049.00	-	-	11,049.00
12/01/2014	11,049.00	-	-	11,049.00
3/01/2015	11,049.00	-	-	11,049.00
6/01/2015	11,049.00	-	-	11,049.00
9/01/2015	11,049.00	-	-	11,049.00
12/01/2015	11,049.00	-	-	11,049.00
3/01/2016	11,049.00	-	-	11,049.00
6/01/2016	11,049.00	-	-	11,049.00
9/01/2016	11,049.00	-	-	11,049.00
12/01/2016	11,049.00	-	-	11,049.00
3/01/2017	11,049.00	-	-	11,049.00
TOTAL	883,974.00	-	-	883,974.00 *

*Plus a one-percent administrative fee to be paid quarterly in the amount of \$1,118.76. The total administrative fee over the life of the loan is \$89,500.80.

YIELD STATISTICS

Accrued Interest from 03/01/1997 to 03/01/1997...	-
Average Life.....	10.125 YEARS
Bond Years.....	8,950.06
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	-
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	1.0012500%

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:

STEPHENS & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Hancock County Public Service District
Sewer Revenue Bonds,

Series 1995 A (West Virginia Water Development Authority)

SEVENTH FLOOR, BANK ONE CENTER
P. O. BOX 1588
CHARLESTON, W. VA. 25320-1588
(304) 353-8000
FACSIMILE (304) 353-8160

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

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

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

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8800
FACSIMILE (301) 739-8742

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

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

WRITER'S DIRECT DIAL NUMBER

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hancock County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$289,532 Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 7, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1996, at the rate of 6.75% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 1997, and ending October 1, 2033, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 6, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into.

The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), issued concurrently herewith in the original aggregate principal amount of \$1,080,088, and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$883,974, all in accordance with the terms of the Bonds and the Bond Legislation.

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

from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

We have examined the executed and authenticated 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,

Stephoe & Johnson

STEPTOE & JOHNSON

12/04/95
HANJM.K4
373520/90001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Hancock County Public Service District

Sewer Revenue Bonds,

Series 1995 B (West Virginia Water Development Authority)

SEVENTH FLOOR, BANK ONE CENTER

P. O. BOX 1568

CHARLESTON, W. VA. 25326-1568

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8116

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25401-5429

(304) 263-6991

FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

THE BRYAN CENTRE

P. O. BOX 570

82 WEST WASHINGTON STREET, FOURTH FLOOR

HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8600

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING

P. O. BOX 150

14TH AND CHAPLINE STREETS

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101

P. O. BOX 628

417 GRAND PARK DRIVE

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hancock County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,080,088 Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 7, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1996, at the rate of 6.75% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 6, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into.

The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), issued concurrently herewith in the original aggregate principal amount of \$289,532, and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$883,974, all in accordance with the terms of the Bonds and the Bond Legislation.

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

from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

Stephoe & Johnson

STEPTOE & JOHNSON

12/04/95
HANJM.AA2
373520/90001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

January 9, 1996

Hancock County Public Service District
Sewer Revenue Bonds,

Series 1995 B (West Virginia Water Development Authority)

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

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 599-8000
FACSIMILE (304) 599-8116

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

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

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

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

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

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the exchange by Hancock County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$1,080,088 Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 7, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1996, at the rate of 6.25% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 6, 1995, as supplemented by Supplemental Resolutions duly adopted by the Issuer on December 6, 1995 and January 3, 1996 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has

been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue, sell and exchange the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), issued concurrently herewith in the original aggregate principal amount of \$289,532, and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$883,974, all in accordance with the terms of the Bonds and the Bond Legislation.

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

from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,



STEPTOE & JOHNSON

01/16/96
HANJM.GG1
373520/90001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Hancock County Public Service District
Sewer Revenue Bonds,
Series 1995 C (West Virginia SRF Program)

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

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

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

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

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

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
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THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
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WRITER'S DIRECT DIAL NUMBER

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

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hancock County Public Service District (the "Issuer"), public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$883,974 Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 1995 C Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 29, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal to the Authority, with no interest thereon, and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending March 1, 2017, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) paying interest on the hereinafter described Series 1995 A Bonds and Series 1995 B Bonds

during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the hereinafter described Series 1995 A Bonds; (iv) funding a reserve account for the hereinafter described Series 1995 B Bonds; (v) funding a reserve account for the Series 1995 C Bonds; and (vi) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 6, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.
3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), issued concurrently herewith in the original principal amount of \$289,532 (the "Series 1995 A Bonds"), and Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), issued concurrently herewith in the original principal amount of \$1,080,088 (the "Series 1995 B Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.
5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws

West Virginia Water Development Authority, et.al.
Page 3

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 and the application of equitable remedies in appropriate cases.

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

Very truly yours,

Stephoe & Johnson

STEPTOE & JOHNSON

12/04/95
HANJM.L4
373520/90001

FRANKOVITCH & ANETAKIS
ATTORNEYS AT LAW

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December 7, 1995

GEORGE J. ANETAKIS*
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CARL FRANKOVITCH
JOHN H. KAMLOWSKY
ADMITTED TO PRACTICE IN
* WEST VIRGINIA
† PA AND WV
‡ PA, WV AND OHIO
†† PENNSYLVANIA
• PA AND OHIO

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

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

Steptoe & Johnson
P.O. Box 2190
Clarksburg, WV 26302

Re: Hancock County Public Service District Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority),
and Series 1995 C (West Virginia SRF Program)

Ladies and Gentlemen:

We are counsel to Hancock County Public Service District, a public service district, in Hancock County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 1995 A Bonds dated December 7, 1995, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a loan agreement for the Series 1995 B Bonds dated December 7, 1995, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, a loan agreement for the Series 1995 C Bonds dated September 29, 1995, including all schedules and exhibits attached thereto, by and among the Authority, the West Virginia Division of Environmental Protection (the "DEP"), and the Issuer (collectively, the "Loan Agreements"), the respective Bond Resolutions duly adopted by the Issuer on December 6, 1995, as supplemented by the respective Supplemental Resolutions duly adopted by the Issuer on December 6, 1995 (collectively, the "Bond Legislation"), orders of The County Commission of

Hancock County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

We are 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 Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreements and the consummation of the transactions contemplated by the Bonds, the Loan Agreements and the Bond Legislation and the carrying out of the terms thereof, to our knowledge, 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 ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound 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 operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Hancock County and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of the Final Orders of the Public Service Commission of West Virginia entered on November 5, 1991, in Case No. 90-558-PSD-CN, November 9, 1993, in Case No. 90-558-PSD-CN (Reopened), and November 1, 1995, in Case No. 90-558-PSD-CN (Reopened), among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project, has expired prior to the

date hereof and no appeal has been filed. Provided, however, that, as of the date of this opinion letter, the Issuer has not obtained a portion of the property easements which are necessary for construction and operation of the project. West Virginia Code Section 16-13A-8 grants the Issuer the power of eminent domain to acquire necessary easements. The Issuer has instructed me to institute eminent domain proceedings immediately following the closing and to seek the right of entry for the project.

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

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

Sincerely,

FRANKOVITCH & ANETAKIS



MARK A. COLANTONIO

MAC/slb

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENTS
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
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
20. CONFLICT OF INTEREST
21. CLEAN WATER ACT
22. GRANTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Hancock County Public Service District in Hancock County, West Virginia (the "Issuer"), hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), all dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the respective Bond Resolutions of the Issuer duly adopted December 6, 1995, and the

respective Supplemental Resolutions duly adopted December 6, 1995 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge thereof.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the 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, execution and delivery by the Issuer of the respective Loan Agreements, and the Issuer has met all conditions prescribed in the respective Loan Agreements. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Orders of Hancock County Commission proposing the creation of and creating Hancock County Public Service District.

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

Oaths of Office of current members of Public Service Board.

Bond Resolution of Series 1995 A Bonds and Series 1995 B Bonds.

Bond Resolution of Series 1995 C Bonds.

Supplemental Resolution of Series 1995 A Bonds and Series 1995 B Bonds.

Supplemental Resolution of Series 1995 C Bonds.

Rules of Procedure.

Affidavit of Publication on Borrowing.

Minutes of Current Year Organizational Meeting.

Loan Agreement of Series 1995 A Bonds.

Loan Agreement of Series 1995 B Bonds.

Loan Agreement of Series 1995 C Bonds.

Minutes on Adoption of Bond Resolutions and Adoption of Supplemental Resolutions.

NPDES Permit.

EPA Grant Documentation.

Public Service Commission Orders entered November 5, 1991, November 9, 1993, and November 1, 1995.

Intergovernmental Agreement between the Issuer and the Sanitary Board of the City of Weirton.

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Hancock County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Hancock County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Don M. Lemasters	January, 1990	January, 1996
Vito Riggi	January, 1992	January, 1998
Dan Wilson	July, 1995	February, 2000

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1995 are as follows:

Chairman	-	Dan Wilson
Secretary	-	Don M. Lemasters
Treasurer	-	Vito Riggi

The duly appointed and acting counsel to the Issuer is Frankovitch & Anetakis, in Weirton, 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, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

10. **LOAN AGREEMENTS:** As of the date hereof, (i) the representations of the Issuer contained in the respective Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the dates of the Loan Agreements 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 Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 1, 1995, in Case No. 90-558-PSD-CN (Reopened), approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal, and is currently in effect.

12. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on November 5, 1991, in Case No. 90-558-PSD-CN, November 9, 1993, in Case No. 90-558-PSD-CN (Reopened), and November 1, 1995, in Case No. 90-558-PSD-CN (Reopened), granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series, numbered AR-1, BR-1 and CR-1, respectively, all dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. 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 entire agreed purchase price of the Series 1995 A Bonds and the Series 1995 B Bonds, being \$289,532 and \$1,080,088, respectively (100% of par value), there being no interest accrued thereon. On the date hereof, the Issuer also received \$381,672 from the Authority and the DEP, being a portion of the principal amount of the Series 1995 C Bonds and more than a de minimis amount of the proceeds of the Series 1995 C Bonds. The balance of the principal amount of the Series 1995 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

16. **PRIVATE USE OF FACILITIES:** The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or 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 or 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 for the Series 1995 A Bonds and the Series 1995 B Bonds 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 the Form 8038-G is true, correct and complete.

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

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

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

22. **GRANTS:** As of the date hereof, the grant from the United States Environmental Protection Agency in the amount of \$3,990,230 is committed and in full force and effect.

WITNESS our signatures and the official seal of the HANCOCK COUNTY
PUBLIC SERVICE DISTRICT on this 7th day of December, 1995.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Don E. White

Chairman

Don M. Lemaster

Secretary

12/06/95
HANJM.N5
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority)
and Series 1995 B (West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

I, Dan Wilson, Chairman of Hancock County Public Service District in Hancock County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the \$289,532 Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), and \$1,080,088 Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, both dated December 7, 1995 (the "Series 1995 A Bonds" and the "Series 1995 B Bonds" respectively, and collectively, the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on December 6, 1995 (the "Bond Resolution"), authorizing the Bonds.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 7, 1995, the date on which the Series 1995 A Bonds and the Series 1995 B Bonds are to be physically delivered in exchange for their respective issue prices thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Series 1995 A Bonds, the Series 1995 B Bonds and the \$883,974 Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, dated December 7, 1995 (the "Series 1995 C Bonds"), were sold on December 7, 1995, to the West Virginia Water Development Authority (the "Authority"). The Series 1995 C Bonds bear no interest. No accrued interest has been or will be paid on any of the Bonds.

6. The Issuer has covenanted in the Bond Resolution not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code. The Issuer, in the Bond Resolution, has further covenanted that 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.

7. The Series 1995 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) paying costs of issuance and related costs thereof. The Series 1995 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs thereof. The Series 1995 C Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying interest on the Series 1995 A Bonds and the Series 1995 B Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Series 1995 A Bonds; (iv) funding a reserve account for the Series 1995 B Bonds; (v) funding a reserve account for the Series 1995 C Bonds; and (vi) paying costs of issuance and related costs thereof.

8. The Issuer will, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project shall commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest (if any) and proceeds deposited in the Reserve Account for the Bonds (if any), all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December, 1996. Construction of the Project is expected to be completed by December, 1996.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$6,400,074. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of Series 1995 A Bonds	\$ 289,532
Gross Proceeds of Series 1995 B Bonds	1,080,088
Gross Proceeds of Series 1995 C Bonds	883,974
EPA Grant	3,990,230
Tap Fees	<u>156,250</u>
Total Sources	<u>\$6,400,074</u>

USES

Costs of Acquisition and Construction of the Project	\$6,104,348
Capitalized Interest on Series 1995 A Bonds	27,687
Capitalized Interest on Series 1995 B Bonds	103,283
Fund Series 1995 A Bonds Reserve Account	21,458
Fund Series 1995 B Bonds Reserve Account	79,098
Fund Series 1995 C Bonds Reserve Account	44,200
Costs of Issuance	<u>20,000</u>
Total Uses	<u>\$6,400,074</u>

The amount of the costs of the Project not expected to be reimbursed or paid from grant proceeds, tap fees and gross proceeds of the Series 1995 C Bonds is estimated to be at least equal to the gross proceeds of the Series 1995 A Bonds and the Series 1995 B Bonds. Except for the proceeds of the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, the tap fees and the grant proceeds stated above, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 1995 A Bonds and Series 1995 B Bonds Construction Trust Fund;
- (4) Series 1995 C Bonds Construction Trust Fund;
- (5) Rebate Fund;
- (6) Series 1995 A Bonds Sinking Fund, and within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account;
- (7) Series 1995 B Bonds Sinking Fund, and within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account; and
- (8) Series 1995 C Bonds Sinking Fund, and within the Series 1995 C Bonds Sinking Fund, the Series 1995 C Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 1995 A Bonds and the Series 1995 B Bonds will be deposited as follows:

(1) Series 1995 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 1995 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1995 A Bonds during acquisition and construction of the Project and for not more than six months thereafter. Series 1995 B Bonds proceeds in the amount of \$-0- will be deposited in the Series 1995 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1995 B Bonds during acquisition and construction of the Project and for not more than six months thereafter.

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

(3) The balance of the proceeds of the Series 1995 A Bonds will be deposited in the Series 1995 A Bonds and Series 1995 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 1995 A Bonds and related costs. The balance

of the proceeds of the Series 1995 B Bonds will be deposited in the Series 1995 A Bonds and Series 1995 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 1995 B Bonds and related costs.

Amounts in the Series 1995 A Bonds and Series 1995 B Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f)(2), none of the proceeds of the Series 1995 A Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Pursuant to Article VI of the Bond Resolution authorizing the Series 1995 C Bonds, the proceeds of the Series 1995 C Bonds will be deposited as follows:

(1) Series 1995 C Bond proceeds in the amount of \$27,687 will be deposited in the Series 1995 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1995 A Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 1995 C Bond proceeds in the amount of \$103,283 will be deposited in the Series 1995 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 1995 B Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(3) Series 1995 C Bond proceeds in the amounts of \$21,458, \$79,098 and \$44,200 will be deposited in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account, respectively.

(4) The balance of the proceeds of the Series 1995 C Bonds will be deposited in the Series 1995 C Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including any and all borrowings by the Issuer for the purpose of temporarily financing a portion of the costs of the Project and costs of issuance of the Bonds and related costs.

Amounts in the Series 1995 C Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to

exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f)(2), none of the proceeds of the Series 1995 B Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

13. Moneys held in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account, the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account will be returned, not less than once each year, to the Issuer, and such amounts shall, during construction of the Project, be deposited into the respective Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and such amounts will be applied as set forth in the Bond Resolution.

14. Except for the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account, the Series 1995 C Bonds Sinking Fund and the Series 1995 C 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 Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 C Bonds, respectively, or which are pledged as collateral for the Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 C Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 C Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 C Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the respective Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Series 1995 A Bonds will be deposited in the Series 1995 A Bonds Reserve Account or any other reserve or replacement fund, less than 10% of the moneys received from the sale of the Series 1995 B Bonds will be deposited in the Series 1995 B Bonds Reserve Account or any other reserve or replacement fund, and less than 10% of the moneys received from the sale of the

Series 1995 C Bonds will be deposited in the Series 1995 C Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest, if any, on the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively, and will not exceed 125% of average annual principal of and interest, if any, on the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively. Amounts in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account are required by the Authority, are vital to its purchase of the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, and are reasonably required to assure payments of debt service on the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively.

Because amounts in the Rebate Fund and the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

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

16. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The Project is expected to be completed within 12 months of the date hereof.

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

18. 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.

19. With the exception of the amounts deposited in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund for payment of interest, if any, and the amounts deposited in the Series 1995 A Bonds

Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

20. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

22. All the proceeds of the Series 1995 A Bonds and the Series 1995 B Bonds will be used for the payment of costs of the Project within three years of September 27, 1994.

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

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

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

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

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

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

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

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

31. 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 interest on the Bonds.

32. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

33. The Issuer has either (a) funded the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1995 A Bonds and the Series 1995 B Bonds, respectively, in the then current or any succeeding year with the proceeds of the Bonds or with other funds available to the Issuer, or (b) created the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 1995 A Bonds and the Series 1995 B Bonds, respectively, in

the then current or any succeeding year. Moneys in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds, respectively, and will not be available to pay costs of the Project.

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

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

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

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

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

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

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

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

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

42. The Issuer will rebate to the United States the amount, if any, required by the Code and will 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 from gross income for federal income tax purposes of the interest on the Bonds.

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

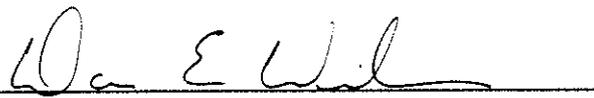
44. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

45. 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 Series 1995 A Bonds and the Series 1995 B Bonds.

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

WITNESS my signature on this 7th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT


Chairman

12/04/95
HANJM.Q3
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

ENGINEER'S CERTIFICATE

I, Joseph F. Moon, Jr., Registered Professional Engineer, West Virginia License No. 8518 of L. Robert Kimball & Associates, Inc., Moon Township, Pennsylvania, hereby certify as follows:

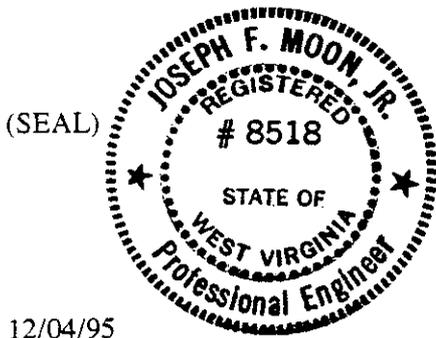
1. My firm is engineer for the acquisition and construction of public sewerage facilities (the "System") of the Hancock County Public Service District (the "Issuer") to be constructed primarily in Hancock County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the respective Bond Resolutions adopted by the Issuer on December 6, 1995, the Loan Agreement for the Series 1995 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated December 7, 1995, the Loan Agreement for the Series 1995 B Bonds, by and between the Issuer and the Authority, dated December 7, 1995, and the Loan Agreement for the Series 1995 C Bonds, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection (the "DEP"), dated September 29, 1995.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying interest on the Series 1995 A Bonds and the Series 1995 B Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Series 1995 A Bonds; (iv) funding a reserve account for the Series 1995 B Bonds; (v) funding a reserve account for the Series 1995 C Bonds; and (vi) paying costs of issuance and related costs.

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the respective applications submitted to the DEP and the Authority requesting the Authority to purchase the Bonds (collectively, the "Application") and any change orders approved by the Issuer and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and

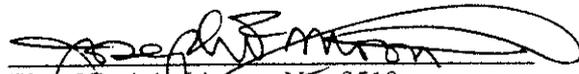
that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the respective Loan Agreements, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A are the respective final amended "Amended Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 7th day of December, 1995.



12/04/95
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373520/90001

L. ROBERT KIMBALL & ASSOCIATES, INC.


West Virginia License No. 8518

DATE: January 9, 1996

AMENDED SCHEDULE A

WDA

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

A. Cost of Project

1.	Construction	\$	4,569,145	
2.	Technical Services	\$	811,684	
3.	Legal and Fiscal	\$	80,000	
4.	Administrative	\$	401,138	
5.	Site and Other Lands	\$	220,000	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$	-0-	
7.	Interim Financing Costs	\$	87,103	
8.	Contingency	\$	231,004	
9.	Total of Lines 1 through 8			\$ <u>6,400,074</u>

B. Sources of Funds

10.	Federal Grants: ¹ (Specify Source)	U.S. EPA	\$	3,990,230	
11.	State Grants: (Specify Source)		\$		
12.	Other Grants: (Specify Source)	Tap Fees	\$	156,250	
13.	Any Other Source ² (Specify)	SRF Loan	\$	883,974	
14.	Total of Lines 10 through 13				\$ <u>5,030,454</u>
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)				\$ <u>1,369,620</u>

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

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

Project Coord.	105,000		
Account	5,000-3-		
Bond Counsel	20,000		
Prof SRF Res.	44,000		
Prof WDA Res.	95,968	= A	-21,458.00
Capitalized Interest	130,970	= B	-74,510.00
		= A	-29,231.71
		= B	-101,738.29
	<u>401,138</u>		

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	\$	<u>-0-</u>	
17.	Funded Reserve Account ³	\$	<u>-0-</u>	
18.	Other Costs ⁴	\$	<u>-0-</u>	
19.	Total Cost of Financing (Lines 16 through 18)			\$ <u>-0-</u>
20.	Size of Bond Issue (Line 15 plus Line 19)			\$ <u>1,369,620</u>

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



SIGNATURE OF AUTHORIZED
OFFICER OF APPLICANT



SIGNATURE OF ENGINEER

³ Consult with bond counsel and the "Authority before assuming a funded reserve.

⁴ For example, fees of bond counsel for the Governmental Agency.

SCHEDULE A

SRF

NAME OF GOVERNMENTAL AGENCY: Hancock County Public Service District

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

A. Cost of Project

1. Construction	\$ 4,569,145
2. Technical Services	\$ 811,684
3. Legal and Fiscal	\$ 80,000
4. Administrative	\$ 110,000
* 5. Site and Other Lands	\$ 220,000
* 6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$ -0-
7. Interim Financing Costs	\$ 87,103
8. Contingency	\$ 231,004
9. Total of Lines 1 Through 8	\$ 6,108,936

\$ 6,108,936

B. Sources of Funds

10. Federal Grants: ¹ (Specify Sources)	U.S. EPA Grant	\$ 3,990,230
11. State Grants: ¹ (Specify Sources)	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
12. Other Grants: ¹ (Specify Sources)	Tap Fees	\$ 156,250
13. Any Other Source ² (Specify)	WDA Loan	\$ 1,369,620
14. Total of Lines 10 Through 13		\$ 5,516,100
15. Net Proceeds Required from Bond Issue (Line 9 Less than 14)		\$ 592,836

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	\$ 130,970 =	(WDA) A - 29,231.71	(WDA) B - 101,738.29
17. Funded Reserve Account: ³	\$ 140,168 =	WDA A - 21,458.00	WDA A - 74,510.00
18. Other Costs: ⁴	\$ 20,000	SRF -	44,200.00
19. Total Cost of Financing (lines 16 through 18)			\$ 291,138
20. Size of Bond Issue (Line 15 plus Line 19)			\$ 883,974

* not allowable for State Revolving Fund Assistance

1. Attach supporting documentation, if available. If not yet available, state such.
2. For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available.
3. Consult with bond counsel and the Authority before assuming a funded reserve.
4. For example, fees of bond counsel for the Governmental Agency.

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



SIGNATURE OF APPLICANT

DATE: January 9, 1996



SIGNATURE OF CONSULTING ENGINEER

DATE: January 9, 1996



MICHAEL G. DiDOMENICO *Certified Public Accountant*

1008 Main Street
Follansbee, West Virginia 26037

304 / 527-1830

December 7, 1995

Hancock County Public Service District
Sewer Revenue Bonds.

Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

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

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

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 90-558-PSD-CN (Reopened), entered November 1, 1995, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by L. Robert Kimball & Associates, Inc., Consulting Engineer, 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 the Issuer (the "System"), 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 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program) (collectively, the "Bonds"), to be issued to the West Virginia Water Development Authority.

Very truly yours,

Michael G. DiDomenico

The County Commission met in regular session with President Joseph Manypenny presiding and Commissioner Edward Nogay in attendance. County Clerk George Koncahr, Executive Director of BH. Lowery Bailey, Chief Joseph Aperfine, Hancock County Extension Agent, John L. Lewis, Detective Thomas Matthews, Equitable Insurance representative Wilma Cross, Attorneys Thomas Hagg and Vito Catenaro, and Court Reporter Steve Yurko were also present for the meeting.

The following reports were noted, accepted, and ordered to be filed:

Cemetery Report--Three Springs Cemetery 2 burials for the month of August.
Sheriff's Report--Office monthly report for August--Car repairs, oil, and miscellaneous expense.
Report from Dan Tabler notified the Commission that the Flying Hooves 4-H club would no longer be using the 4-H Hoose Show Ring located on the Children's Home property and the 4-H Foundation would dismantle the ring. The report also stated that the 4-H Foundation sincerely appreciated the cooperation of the commissioners in this matter and are also grateful for the use of the property in the past.

Upon the proper motion and second, the Petition by Ruth Cox Turner, Administratrix, CTA of the Estate of Golda Reaser Oliver to re-open the estate for the purpose of cashing a check received after the estate had been closed on May 7, 1975 was approved. Motion carried.

Commissioner Nogay made the motion that the bills submitted by Hancock County Bicentennial Chairman John L. Lewis for various Bicentennial Commissions be approved for payment from their county allotments. Second Commissioner Manypenny.

Upon the proper motion and second, the certificate of payment to Harry W. Trushel Construction Company in the amount of \$18,270.00 for Renovation of the Health Department was approved. Motion carried.

Commissioner Nogay made the motion that the Sheriff's request to advertise for bids for a new cruiser to replace Car #72 which will be used for a trade-in be tabled till specifications are received from the Sheriff. Second Commissioner Manypenny.

Commissioner Nogay made the motion to table the Sheriff's request to advertise for bids for an unmarked cruiser to be used by the detective. Second Commissioner Manypenny.

Wilma Cross, Representative of Equitable Insurance Co. at this time approached the Commission concerning installing a salary allotment program for additional insurance purchased by employees. Commissioner Nogay made the motion that the Commission would go along with the request to approach individuals for salary allotment program subject to approval of legal counsel and each department head giving approval before Mrs. Cross contacts the department employees. Second Commissioner Manypenny.

Commissioner Nogay made the motion to approve the Sheriff's request to purchase a identification mug camera thru the L.E.A.A. Grant at a purchase price of \$625.00.00 Second Commissioner Manypenny.

Commissioner Nogay made the motion that the following order proposing creation of a Public Service District for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District be entered. Second Commissioner Manypenny.
(Photocopy on page 36.)

ORDER

That the County Commission of Hancock County, West Virginia, is of the opinion that in order to preserve the public health, comfort, and convenience of the general public of Hancock County, West Virginia, do hereby propose the creation of a public service district for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District;

That the territory to be embraced by the proposed District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities within the Cities of Weirton, New Cumberland and Chester, and those areas covered by the existing public service district of Grant Public Service District, Thomlinson Public Service District, Lawrenceville Public Service District, and the Oakland Public Service District presently authorized to operate sewage service in Hancock County; provided however, that any of the public sewage service districts presently authorized to operate in Hancock County, but not presently furnishing sewage services may and do hereby become a part of the area to be serviced by this proposed Public Sewage Service District.

Further it is the desire of the Hancock County Commission to proceed as soon as possible to comply with the laws of the State of West Virginia in establishing the Hancock County Public Service District, and the same is so ORDERED.

ENTER:

S/ JOSEPH MANYPENNY
PRESIDENT

Commissioner Nogay made the motion that the hearing for the Public Service District for sewage be set for Monday, October 6th at 7:00 p.m. Second Commissioner Manypenny.

Hancock County Extension Agent John L. Lewis at this time presented to the Commission a final report on the Clean Streams Program and files kept by him as Director of the Clean Streams Program.

Commissioner Nogay made the motion to approve bills submitted by Mr. Lewis for the Clean Streams Program. Second Commissioner Manypenny.

Mr. Lewis also presented to the Commission files kept by him as Chairman of the Hancock County American Bicentennial Commission to be turned over to the new chairman.

Commissioner Nogay made the motion to reappoint Charles Padden as a member of the Hancock County Board of Health with the term retroactive to July 1, 1975 and expire July 1, 1980. Second Commissioner Manypenny.

Requisitions #d 37 supplies for the County Clerk's Office, 1393 warning slips and 1394 letters for Car # 74 for the Sheriff's Office, 1650 renewal service & maintenance agreement for Royal typewriter, 1651 renewal subscription to the Weirton Daily Times, 1652 - 1654 for office supplies, 1655 Bicentennial Table Top Exhibit, and 1662 office supplies for the WWU Extension Office were approved by the Commission.

All bills properly signed and submitted were approved by the Commission for payment.

Commissioner Nogay made the motion that the Hearing for the Committee appointment for John W. Archer be continued till Tuesday, September 9th at 4:30 p.m. Second Commissioner Manypenny.

Upon the proper motion and second, the Commission adjourned.

It is hereby ordered and decreed that the above be and they are hereby declared to be the legal transactions of the Commission on this the 8th day of September, 1975.


President


Clerk

September 9, 1975 -- 4:30 P.M.
Tape 30 - Side 1
425 thru 546

The County Commission met in a recessed session with President Joseph Manypenny presiding for the session and Commissioner Edward Nogay in attendance. Others present for the meeting were Mr. Vito Catenaro, Attorney for Wayne V. Archer, Charles W. Archer, Dr. Thomas J. Beynon, Norman Ferrari, Jr., and Attorney Thomas Hagg representing Mr. John Wesley Archer.

The Commission took up the matter of Committee appointment for Mr. John Wesley Archer as requested upon the Petition of Charles W. Archer, Wayne V. Archer and Pauline Swain, children of John Wesley Archer.

Attorney Thomas Hagg objected to proceeding with the hearing because Mr. John Wesley Archer was not present. It was ascertained that he had been duly and properly notified and had refused to appear and Attorney Catenaro stated that the Commission was within its rights to proceed. Commissioner Nogay made the motion that the Commission proceed with the hearing.

A motion by Attorney Hagg to dismiss the hearing because of not enough facts set forth to predicate was over-ruled upon the motion of Commissioner Nogay and second by Commissioner Manypenny.

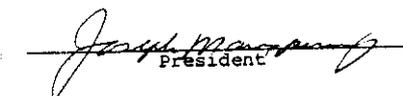
After hearing testimony from Dr. Thomas J. Beynon regarding the condition of Mr. John Wesley Archer and testimony from the children regarding Mr. Archer's condition, Commissioner Nogay made the motion that the petition for appointment of Committee be granted because the man is not able to take care of himself physically and that the bond be set at \$10,000. Commissioner Manypenny second the motion which carried.

Commissioner Nogay moved the appointment of Wayne V. Archer and Charles Archer as Co-committee for John Wesley Archer. Commissioner Manypenny gave a second to the motion which carried.

Upon the proper motion and second, President Manypenny was authorized to go to Charleston on September 17th and September 18th on County Business.

Upon the proper motion and second, the Commission adjourned.

It is hereby ordered and decreed that the above be and they are hereby declared to be the legal transactions of the Commission on this the 9th day of September 1975.


President


Clerk

September 15, 1975 -- 4:15 P.M.
Tape 30 - Side 1
546 thru 598

The Commission held its regular session with President Joseph Manypenny presiding and Commissioner Edward Nogay and George Naymick in attendance. Residents of Cameron, Ross, and Chapman Roads Robert Wildman, Paula Patterson, and Noreen Barnhart, Jail Purchasing Agent and Maintenance Supervisor Steve Psaros, Executive Director of BH, Lowery Bailey, and Hancock County Health Board Member Charles Padden were also present for the meeting.

ORDER

That the County Commission of Hancock County, West Virginia, is of the opinion that in order to preserve the public health, comfort, and convenience of the general public of Hancock County, West Virginia, do hereby propose the creation of a public service district for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District;

That the territory to be embraced by the proposed District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities within the Cities of Weirton, New Cumberland and Chester, and those areas covered by the existing public service district of Grant Public Service District, Tomlinson Public Service District, Lawrenceville Public Service District, and the Oakland Public Service District presently authorized to operate sewage service in Hancock County; provided however, that any of the public sewage service districts presently authorized to operate in Hancock County, but not presently furnishing sewage services may and do hereby become a part of the area to be serviced by this proposed Public Sewage Service District.

Further it is the desire of the Hancock County Commission to proceed as soon as possible to comply with the laws of the State of West Virginia in establishing the Hancock County Public Service District, and the same is so ORDERED.

ENTER:


President

ORDER

That the County Commission of Hancock County, West Virginia, on this day, October 14, 1975, in order to promote and preserve the public health, comfort and convenience, of the general public of Hancock County, West Virginia, does hereby order the creation of a public service district for the purpose of providing sewage services for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A of the West Virginia State Code, as amended, to be known as the Hancock County Public Service District;

That such district is created subsequent to a public hearing, properly advertised, having been held on the 6th day of October 1975, at 7:00 p.m. in the Hancock County Courthouse, wherein a discussion by all present was held concerning the formation of the proposed Hancock County Public Service District as required by Statute.

Further, be it ordered that the territory to be embraced by the Hancock County Public Service District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities operating within the Cities of Chester, New Cumberland, and Weirton;

Further, it is ordered that those sewage rights previously granted to the public service districts of Lawrenceville Public Service District, Oakland Public Service District, and Tomlinson Public Service District, by this Commission are hereby rescinded and shall become a part of the Hancock County Public Service District, in that none of these districts,

Lawrenceville Public Service District, Oakland Public Service District, and Tomlinson Public Service District, are presently furnishing sewage services as authorized.

ENTERED THIS 14th DAY OF OCTOBER 1975.

S/ Joseph Manypenny
PRESIDENT



HANCOCK COUNTY COMMISSION

GEORGE GVOYICH PRESIDENT
JOHN SORRENTI COMMISSIONER
DAVID O. MILLER COMMISSIONER

July 6, 1990

Mr. Don LeMasters
RD 2
New Cumberland, WV 26047

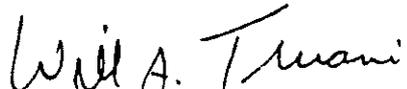
Dear Mr. Don LeMasters:

Please be advised that at the regular session of the Hancock County Commission on July 5, 1990,, you were reappointed as a member to the Board of the Hancock County Public Service District. The effective date of this reappointment is retroactive to January 10, 1990 and the term will expire on January 10, 1996.

It will be necessary for you to go into the office of the County Clerk to take an Oath and to sign the Oath Book. Please take this letter with you so the Clerk will have the necessary information for the effective and expiration date of this appointment.

The Commission extends their appreciation of your acceptance of the appointment and for the dedicated service rendered during your previous appointment.

Sincerely,


Will A. Turani
Administrative Assistant

WAT/ara



HANCOCK COUNTY COMMISSION

DAVID L. CLINE PRESIDENT

JOHN J. SORRENTI COMMISSIONER

GEORGE J. KOURCE COMMISSIONER

November 30, 1995

Mr. Vito Riggi
Rd#3
New Cumberland, WV 26047

Dear Mr. Riggi:

Please be advised that at a special session of the Hancock County Commission held today, you were reappointed as a member to the Board of the Hancock County Public Service District. You were appointed retroactive to January 19, 1992 with term to expire January 19, 1998.

It will be necessary for you to go into the office of the County Clerk to take an Oath and to sign the Oath Book. Please take this letter with you so the clerk will have the necessary information for the effective and expiration date of this appointment.

Sincerely,

Cindy Jones
Administrative Assistant
Finance

caj



July 27, 1995

Mr. Dan Wilson
3600 West Street
Weirton, West Virginia 26062

Dear Dan,

This letter is to inform you that at the Hancock Co Commissioner's regular meeting on July 6, 1995 you were re-appointed to the Hancock County Public Service District Board.

Please take this letter to the County Clerk's Office and the oath book as soon as possible. Your new term will expire February 17, 2000.

The Commission appreciates the time and effort that you given while being active on this board. We wish you the best of in your new term.

Sincerely,
David L. Cline
David L. Cline, President
John J. Sorrenti
John J. Sorrenti, Commissioner
George J. Kource
George J. Kource, Commissioner

DLC/JJS/GJK:plf

cc: Hancock County PSD

OATH OF OFFICE

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

I, Don M. Lemasters do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as member of the Board of the Hancock County Public Service District.

Beginning on the 10th day of January 19 90, and ending on the 10th day of January 19 96, to the best of my skill and judgment, so help me God.

Handwritten signature of Don M. Lemasters

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Don M. Lemasters this 28th day of November A. D., 19 95

State of West Virginia,
County of Hancock SS:

I, Eleanor Straight, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of

the Oath of Office for Don M. Lemasters as member of the

Hancock County Public Service District.

as the same appears of record in my office, in Bond & Oath
Book No. I Page 145, and
I further certify that the same is a full and correct transcript thereof.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 28th
day of November, 1995.

Eleanor Straight

Clerk County Commission, Hancock County, W.Va.

Deputy

OATH OF OFFICE

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

I, Vito Riggi do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as member of the Board of the Hancock County Public Service District.

Beginning on the 19th day of January 19 86 (retroactive date), and ending on the 19th day of January 19 98, to the best of my skill and judgment, so help me God.

[Handwritten signature of Eleanor Straight]

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Vito Riggi this 30th day of November A. D., 19 95

[Handwritten signature of Eleanor Straight]

State of West Virginia,
County of Hancock SS:

I, Eleanor Straight, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of

the Oath of office of Vito Riggi as a member of the Hancock County

Public Service District.

as the same appears of record in my office, in Oath & Bond
Book No. I Page 145, and
I further certify that the same is a full and correct transcript thereof.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 30th
day of November, 1995.



Clerk County Commission, Hancock County, W.Va.

Deputy

OATH OF OFFICE

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

I, Dan Wilson do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as a member of the Hancock County Public

Service District Board

Beginning on the 6th day of July 19 95, and ending on the

17th day of February 19 2000, to the best of my skill and judgment,

so help me God.

X Dan Wilson

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Dan Wilson

this 6th day of November A. D., 19 95

Eleanor Straight

State of West Virginia,
County of Hancock SS:

I, Eleanor Straight, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of

Dan Wilson, Oath of office for the

Hancock County Public Service Commission

as the same appears of record in my office, in Bond & Oath
Book No. 1 Page 144, and
I further certify that the same is a full and correct transcript thereof.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 28th
day of November, 1995.



Clerk County Commission, Hancock County, W. Va.

Deputy



HANCOCK COUNTY PSD

Board Members

Dan Wilson
Don LeMasters
Vito Riggi

RULES OF PROCEDURE

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

Name and Place of Business

Section 1. Name: Hancock County Public Service District

Section 2. The principal office of this Public Service District will be located at P.O. Box 485, New Cumberland, West Virginia, 26047.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Hancock County Public Service District, and in the center "seal" as follows:

Section 4. The Fiscal Year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

Purpose

This District is organized exclusively for the purpose 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 Hancock County, 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 reappointment 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 4th Wednesday of each month at 7:00 p.m. in the Hancock County Courthouse Commissioner's Room. If the day stated falls 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. All meetings of the Public Service Board will be conducted in accordance with "Robert's Rules of Order" or such other procedural rules as may from time to time be specified by resolution of the Public Service Board.

Section 4. 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 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 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 Hancock 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 canceled 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 Hancock 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 canceled, 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:

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Hancock County Public Service District will meet in special session on _____, at _____ .m., prevailing time, at the Hancock County Courthouse, Commissioner's Meeting Room, in New Cumberland, West Virginia, for the following purposes:

- 1.
- 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 as 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 Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under the 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 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.

Vince Collins: as requested

WEIRTON DAILY TIMES
THOMSON NEWSPAPER, INC.

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

I, Cindy D. Williams for the publisher of the WEIRTON
DAILY TIMES, a newspaper in the CITY of Weirton, State of West Virginia,
hereby certify that the annexed publication was inserted in said news-
paper on the following dates:

..... August 1, 1990
..... August 5, 1990
..... August 1, 1990
commencing on the day of 19.....
Given under my hand this day of 19.....
Cindy D. Williams

Sworn to and subscribed before me this day of
....., 19.....

NOTARY PUBLIC

of, in and for HANCOCK COUNTY, WEST VIRGINIA
My Commission expires February 5, 1996.

Notice is hereby given pursuant to the requirements of the WV Code §16-13A-25 of the Public Service District, a public corporation, to file an application with the Public Service Commission for a certificate of convenience and necessity to construct a central sewage collection system in the Riverview Estates, Maple Manor, Sun Valley, Club Sands, Oakland, Golden Key Acres areas and portions of Wylie Ridge Road, Carothers Road, Cable Road, Lick Run Road, Lyons Road, Rainey Hill Road, King's Creek, Shady Glen Road, Laurel Drive, Anderson Lane, and Marilyn Lane areas in Hancock County, West Virginia. The facilities to be constructed include approximately 72,445 LF vacuum line, 18,456 LF gravity lines, 1,325 LF forced main lines, appurtenances and two vacuum collection lift stations.

The total cost of the project is estimated not to exceed 5 million. It is proposed that the project will be financed by a grant from the Environmental Protection Agency in the amount of \$2,622,880.00 and a bond issue loan from the West Virginia Water Development Authority not to exceed 2.5 million at the established interest rate, currently 8% payable over 38 years.

It is estimated that for an average residential customer using 4,500 gallons of water per month, the user rate will be approximately \$34.00 per month.

Formal application for a certificate of convenience and necessity and approval of financing will be filed with the W.V. Public Service District not earlier than October 15, 1990.
8-1-1990; 8-8-1990.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING

I, DON LEMASTERS, SECRETARY of the Public Service Board of Hancock County Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Hancock County Public Service District met in special session, pursuant to notice duly posted, on the 6th day of December, 1995, in New Cumberland, West Virginia, at the hour of 7:00 p.m.

PRESENT: Dan Wilson - Chairman and Member
Don Lemasters - Secretary and Member
Vito Riggi - Treasurer and Member

ABSENT: None.

Dan Wilson, Chairman, presided, and Don Lemasters, acted as Secretary.

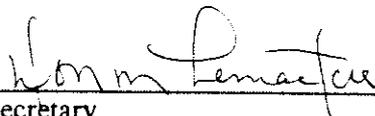
The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, on motion duly made and seconded, the following people were nominated and elected to the following offices:

Chairman - Dan Wilson
Secretary - Don Lemasters
Treasurer - Vito Riggi

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

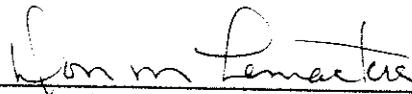

Chairman


Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the regular meeting of said Public Service Board held December 6, 1995, and that such action remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 7th day of December, 1995.



Secretary, Hancock County Public Service
District, Public Service Board

12/06/95
HANJM.BB1
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND
RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

I, DON LEMASTERS, SECRETARY of the Public Service Board of Hancock County Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Hancock County Public Service District met in special session, pursuant to notice duly posted, on the 6th day of December, 1995, in New Cumberland, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Dan Wilson	-	Chairman
	Don Lemasters	-	Secretary
	Vito Riggi	-	Treasurer

Dan Wilson, Chairman, presided, and Don Lemasters, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$289,532 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN \$1,080,088 IN AGGREGATE PRINCIPAL AMOUNT OF

SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

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

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS, TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$883,974 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

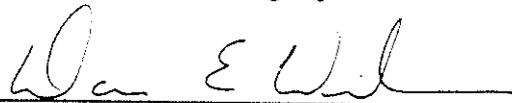
and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

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

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, 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.



Chairman

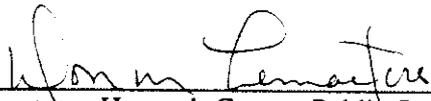


Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of a special meeting of said Public Service Board held December 6, 1995, and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 7th day of December, 1995.


Secretary, Hancock County Public Service
District, Public Service Board

12/06/95
HANJM.CC1
373520/90001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Hancock County Public Service District
Sewer Revenue Bonds,

Series 1995 A (West Virginia Water Development Authority)

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-3429
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1614
FACSIMILE (304) 725-1913

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

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
4TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

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

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

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

Very truly yours,

Step toe & Johnson

Step toe & Johnson

Enclosures

Copy of letter with enclosure to:

Samme L. Gee, Esquire

Chairman, Hancock County Public Service District

11/30/95

8038A.L1

373520/90001

1 Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Hancock County Public Service District		2 Issuer's employer identification number 55 0681561	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 485		Room/suite	4 Report number G19 95 - 1
5 City, town, or post office, state, and ZIP code New Cumberland, West Virginia 26047		6 Date of issue 12/07/95	
7 Name of issue Hancock County Public Service District Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority)		8 CUSIP number None	

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

9 <input type="checkbox"/> Education (attach schedule—see instructions)	9 \$
10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10
11 <input type="checkbox"/> Transportation	11
12 <input type="checkbox"/> Public safety	12
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	13 289,532
14 <input type="checkbox"/> Housing	14
15 <input type="checkbox"/> Utilities	15
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	16
17 If obligations are tax or other revenue anticipation bonds, check box <input type="checkbox"/>	
18 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2033	6.750%	20,101	20,101			
20 Entire issue			289,532	289,532	26.626 years	6.751%	6.750%

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

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter amount from line 20, column (c))	22	289,532
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	-0-
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to currently refund prior issues	26	-0-
27 Proceeds used to advance refund prior issues	27	-0-
28 Total (add lines 23 through 27)	28	-0-
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	289,532

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A	years
31 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A	years
32 Enter the last date on which the refunded bonds will be called ▶	N/A	
33 Enter the date(s) the refunded bonds were issued ▶		

Part VI Miscellaneous

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	-0-
35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(II) (small issuer exception)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b Enter the final maturity date of the guaranteed investment contract ▶		N/A
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ September 27, 1994		
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
39 If the issuer has identified a hedge, check box <input type="checkbox"/>		

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

Please Sign Here


12/07/95
Dan Wilson, Chairman

Signature of issuer's authorized representative
 Date
Type or print name and title

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Hancock County Public Service District

Sewer Revenue Bonds,

Series 1995 B (West Virginia Water Development Authority)

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

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

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

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

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

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
4TH AND CHARLIE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 01
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6483
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

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

Stephoe & Johnson

Stephoe & Johnson

Enclosures

Copy of letter with enclosure to:

Samme L. Gee, Esquire

Chairman, Hancock County Public Service District

11/30/95

8038B.L1

373520/90001

Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Hancock County Public Service District		2 Issuer's employer identification number 55 : 0681561	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 485		Room/suite	4 Report number G19 95 - 2
5 City, town, or post office, state, and ZIP code New Cumberland, West Virginia 26047		6 Date of issue 12/07/95	
7 Name of issue Hancock County Public Service District Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority)		8 CUSIP number None	

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

9 <input type="checkbox"/> Education (attach schedule—see instructions)	9 \$
10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10
11 <input type="checkbox"/> Transportation	11
12 <input type="checkbox"/> Public safety	12
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	13 1,080,088
14 <input type="checkbox"/> Housing	14
15 <input type="checkbox"/> Utilities	15
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	16
17 If obligations are tax or other revenue anticipation bonds, check box ▶ <input type="checkbox"/>	
18 If obligations are in the form of a lease or installment sale, check box ▶ <input type="checkbox"/>	

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2035	6.75 %	74,096	74,096			
20 Entire issue			1,080,088	1,080,088	28.314 years	6.751 %	6.750 %

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

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter amount from line 20, column (c))	22	1,080,088
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	-0-
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to currently refund prior issues	26	-0-
27 Proceeds used to advance refund prior issues	27	-0-
28 Total (add lines 23 through 27)	28	-0-
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	1,080,088

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

31 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

32 Enter the last date on which the refunded bonds will be called ▶ _____

33 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) 34 -0-

35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(II) (small issuer exception) 35 -0-

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) 36a -0-

b Enter the final maturity date of the guaranteed investment contract ▶ _____

37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units 37a -0-

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

38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box

39 If the issuer has identified a hedge, check box

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

Please Sign Here

Signature of issuer's authorized representative: *Dan Wilson* Date: 12/07/95 Type or print name and title: Dan Wilson, Chairman

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

January 9, 1996

Hancock County Public Service District
Sewer Revenue Bonds,

Series 1995 B (West Virginia Water Development Authority)

SEVENTH FLOOR, BANK ONE CENTER

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8116

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25401-5429

(304) 263-6991

FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

THE BRYAN CENTRE

P. O. BOX 570

82 WEST WASHINGTON STREET, FOURTH FLOOR

HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8600

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING

P. O. BOX 150

14TH AND CHARLINE STREETS

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101

P. O. BOX 628

417 GRAND PARK DRIVE

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith is an amended and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bonds. 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

Copy of letter with enclosure to:

Samme L. Gee, Esquire

Chairman, Hancock County Public Service District

01/02/96

8038C.L1

373520/90001

1 Reporting Authority		If Amended Return, check here <input checked="" type="checkbox"/>	
Issuer's name Hancock County Public Service District		2 Issuer's employer identification number 55 0681561	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 485		Room/suite	4 Report number G19 95 - 2
5 City, town, or post office, state, and ZIP code New Cumberland, West Virginia 26047		6 Date of issue 1/9/96	
7 Name of issue Hancock County Public Service District Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority)		8 CUSIP number None	

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

9 <input type="checkbox"/> Education (attach schedule—see instructions)	9 \$
10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10
11 <input type="checkbox"/> Transportation	11
12 <input type="checkbox"/> Public safety	12
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	13 1,080,088
14 <input type="checkbox"/> Housing	14
15 <input type="checkbox"/> Utilities	15
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	16
17 If obligations are tax or other revenue anticipation bonds, check box ▶ <input type="checkbox"/>	
18 If obligations are in the form of a lease or installment sale, check box ▶ <input type="checkbox"/>	

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2035	6.250 %	70,127.20	70,127.20			
20 Entire issue			1,080,088	1,080,088	27.775 years	6.251 %	6.250 %

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

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter amount from line 20, column (c))	22	1,080,088
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	-0-
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to currently refund prior issues	26	-0-
27 Proceeds used to advance refund prior issues	27	-0-
28 Total (add lines 23 through 27)	28	-0-
29 Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	1,080,088

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

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

Part VI Miscellaneous

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	-0-
35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(II) (small issuer exception)	35	-0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b Enter the final maturity date of the guaranteed investment contract ▶		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the name of the issuer ▶ <u>West Virginia Water Development Authority</u> and the date of the issue ▶ <u>1/9/96</u>		
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
39 If the issuer has identified a hedge, check box <input type="checkbox"/>		

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

Please Sign Here

Signature of issuer's authorized representative: [Signature] Date: 1/9/96 Type or print name and title: Dan Wilson, Chairman

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: January 9, 1996

(See Reverse for Instructions)

ISSUE: Hancock County Public Service District Sewer Revenue Bonds Series 1995 A (West Virginia Water Development Authority)

ADDRESS: P. O. Box 485, New Cumberland, West Virginia 26047 COUNTY: Hancock

PURPOSE: New Money Refunding Refunds issue(s) dated: _____

OF ISSUE: _____

ISSUE DATE: December 7, 1995 CLOSING DATE: December 7, 1995

ISSUE AMOUNT: \$ 289,532 RATE: 6.75%

1st DEBT SERVICE DUE: 4/01/96 1st PRINCIPAL DUE: 10/01/97, \$1,914

1st DEBT SERVICE AMOUNT: \$6,188.75 PAYING AGENT: Municipal Bond Commission

ISSUERS BOND COUNSEL: Steptoe & Johnson UNDERWRITERS BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq. Contact Person: Samme L. Gee, Esq.

Phone: 624-8161 Phone: 340-1318

CLOSING BANK: United National Bank ESCROW TRUSTEE: _____

Contact Person: William D'Alesio Contact Person: _____

Phone: 723-2000 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: _____

Contact Person: Dan Wilson Contact Person: _____

Position: Chairman Function: _____

Phone: 748-5550 FAX: _____ Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By Wire Check

Accrued Interest: \$ _____

Capitalized Interest: \$ 29,231.71

Reserve Account: \$ 21,458

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire Check IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: Principal Payments will be sent to the Bond Commission beginning March 1, 1997.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: January 9, 1996

(See Reverse for Instructions)

Hancock County Public Service District Sewer Revenue Bonds
ISSUE: Series 1995 B (West Virginia Water Development Authority)
ADDRESS: P. O. Box 485, New Cumberland, West Virginia 26047 **COUNTY:** Hancock
PURPOSE: New Money Refunding
EXCHANGE **OF ISSUE:** Refunding Refunds issue(s) dated: _____
ISSUE DATE: January 9, 1996 **CLOSING DATE:** December 7, 1995
ISSUE AMOUNT: \$ 1,080,088 **RATE:** 6.25%
1st DEBT SERVICE DUE: 4/01/96 **1st PRINCIPAL DUE:** 10/01/97, \$7,004.70
1st DEBT SERVICE AMOUNT: \$15,376.25 **PAYING AGENT:** Municipal Bond Commission

ISSUERS	UNDERWRITERS
BOND COUNSEL: <u>Steptoe & Johnson</u>	BOND COUNSEL: <u>Jackson & Kelly</u>
Contact Person: <u>Vincent A. Collins, Esq.</u>	Contact Person: <u>Samme L. Gee, Esq.</u>
Phone: <u>624-8161</u>	Phone: <u>340-1318</u>
CLOSING BANK: <u>United National Bank</u>	ESCROW TRUSTEE: _____
Contact Person: <u>William D'Alesio</u>	Contact Person: _____
Phone: <u>723-2000</u>	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	OTHER: _____
Contact Person: <u>Dan Wilson</u>	Contact Person: _____
Position: <u>Chairman</u>	Function: _____
Phone: <u>748-5550</u> FAX: _____	Phone: _____

DEPOSITS TO MBC AT CLOSE:

By <input type="checkbox"/> Wire	<input checked="" type="checkbox"/> Accrued Interest: \$ _____
<input checked="" type="checkbox"/> Check	<input checked="" type="checkbox"/> Capitalized Interest: \$ <u>101,738.29</u>
	<input checked="" type="checkbox"/> Reserve Account: \$ <u>74,510</u>
	<input type="checkbox"/> Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By <input type="checkbox"/> Wire	<input type="checkbox"/> To Escrow Trustee: \$ _____
<input type="checkbox"/> Check	<input type="checkbox"/> To Issuer: \$ _____
<input type="checkbox"/> IGT	<input type="checkbox"/> To Cons. Invest. Fund: \$ _____
	<input type="checkbox"/> To Other: \$ _____

NOTES: Principal payments will be sent to the Bond Commission beginning March 1, 1997.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: December 7, 1995

(See Reverse for Instructions)

ISSUE: Hancock County Public Service District Sewer Revenue Bonds
Series 1995 C (West Virginia SRF Program)

ADDRESS: P. O. Box 485, New Cumberland, West Virginia 26047 COUNTY: Hancock

PURPOSE New Money Refunding Refunds issue(s) dated: _____

ISSUE DATE: December 7, 1995 CLOSING DATE: December 7, 1995

ISSUE AMOUNT: \$ 883,974 RATE: 0% Administrative Fee: 1%

1st DEBT SERVICE DUE: 6/01/97 1st PRINCIPAL DUE: 6/01/97, \$11,050

1st DEBT SERVICE AMOUNT: \$11,050 PAYING AGENT: Municipal, Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson UNDERWRITERS
 BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq. Contact Person: Samme L. Gee, Esq.
 Phone: 624-8161 Phone: 340-1318

CLOSING BANK: United National Bank ESCROW TRUSTEE: _____
 Contact Person: William D'Alesio Contact Person: _____
 Phone: 723-2000 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: _____
 Contact Person: Dan Wilson Contact Person: _____
 Position: Chairman Function: _____
 Phone: 748-5550 FAX: _____ Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By <input type="checkbox"/> Wire	Accrued Interest:	\$ _____
<input checked="" type="checkbox"/> Check	Capitalized Interest:	\$ _____
	<input checked="" type="checkbox"/> Reserve Account:	\$ <u>44,200</u>
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By <input type="checkbox"/> Wire	To Escrow Trustee:	\$ _____
<input type="checkbox"/> Check	To Issuer:	\$ _____
<input type="checkbox"/> IGT	To Cons. Invest. Fund:	\$ _____
	To Other:	\$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

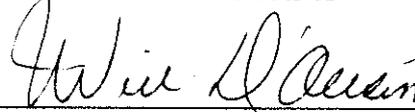
Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

UNITED NATIONAL BANK, Weirton, West Virginia, a national banking association, hereby accepts appointment as Depository Bank in connection with the respective Bond Resolutions of the Hancock County Public Service District (the "Issuer") adopted December 6, 1995, and the respective Supplemental Resolutions of the Issuer adopted December 6, 1995 (collectively, the "Bond Legislation"), respectively authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), all dated December 7, 1995, issued in the respective principal amounts of \$289,532 and \$1,080,088 (collectively, the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 7th day of December, 1995.

UNITED NATIONAL BANK



President

12/04/95
HANJM.T3
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Hancock County Public Service District Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), all dated December 7, 1995, issued in the respective principal amounts of \$289,532, \$1,080,088 and \$883,974 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 7th day of December, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

12/04/95
HANJM.U3
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority),
Series 1995 B (West Virginia Water Development Authority)
and Series 1995 C (West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of Hancock County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1995 A (West Virginia Water Development Authority), of the Issuer, dated December 7, 1995, in the principal amount of \$289,532, numbered AR-1, the single, fully registered Sewer Revenue Bond, Series 1995 B (West Virginia Water Development Authority), of the Issuer, dated December 7, 1995, in the principal amount of \$1,080,088, numbered BR-1, and the single, fully registered Sewer Revenue Bond, Series 1995 C (West Virginia SRF Program), of the Issuer, dated December 7, 1995, in the principal amount of \$883,974, numbered CR-1, were registered as to principal and interest (the Series 1995 C 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 on this 7th day of December, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION



Assistant Vice President

12/04/95
HANJM.V3
373520/90001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of December, 1995, by and between HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$289,532 Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), \$1,080,088 Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), and its \$883,974 Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), in fully registered form (collectively, the "Bonds"), pursuant to the respective Bond Resolutions of the Issuer duly adopted December 6, 1995, and the respective Supplemental Resolutions of the Issuer duly adopted December 6, 1995 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities

Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

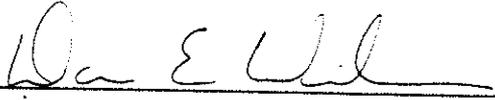
ISSUER: Hancock County Public Service District
c/o Hancock County Commission
102 North Court Street
New Cumberland, West Virginia 26047
Attention: Chairman

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

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

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

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT



Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION



Assistant Vice President

12/01/95
HANJM.W2
373520/90001

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1, 2, 4 and 5

SCHEDULE OF COMPENSATION

Invoice

**ONE VALLEY
BANK**

┌
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
└

DATE DECEMBER 7, 1995

UNITS	ITEM DESCRIPTION	TOTAL
	<p>\$289,532 PAR HANCOCK COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND SERIES 1995 A AND \$1,080,088 PAR HANCOCK COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND SERIES 1995 B.</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....</p>	<p>\$500.00</p>

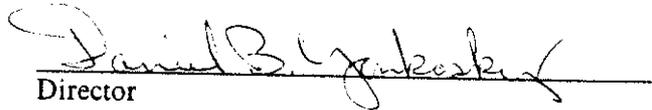
SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN: CHARLOTTE S MORGAN

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 Bonds, Series 1995 A (West Virginia Water Development Authority), of Hancock County Public Service District in the principal amount of \$289,532, numbered AR-1, dated December 7, 1995, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 7th day of December, 1995.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Director

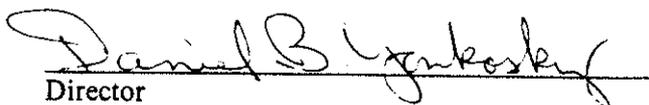
12/04/95
HANJM.X3
373520/90001

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 Bonds, Series 1995 B (West Virginia Water Development Authority), of Hancock County Public Service District in the principal amount of \$1,080,088, numbered BR-1, dated January 9, 1996, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 9th day of January, 1996.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Director

12/18/95
HANJM.DD2
373520/90001



DIVISION OF ENVIRONMENTAL PROTECTION

1201 Greenbrier Street
Charleston, WV 25311-1088

GASTON CAPERTON
GOVERNOR

LAIDLEY ELI MCCOY, Ph.D.
DIRECTOR

November 3, 1995

RECEIVED
NOV 13 1995

STATE OF WEST VIRGINIA

Dan Wilson
Hancock County PSD
814 Adams Street
Steubenville, OH 43952

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Wilson:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0101729, dated the 2nd day of November 1995, for the Hancock County PSD in Weirton, West Virginia.

Please note Section G.2, on page 8 of 9, prohibiting the acceptance of new nondomestic wastewater discharges without prior Office approval.

Please also note the attachment to this Permit which describes the annual permit fee requirement.

If you have any questions, please contact Robert Bates of this office at 304-558-4086, or by TDD at 304-558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES

Pravin G. Sangani, P. E.
Municipal Branch Leader

PGS:m11

Enclosure



WRD 1A-82
Revised 4/95

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0101729
Subject: Sewage Collection System
Issue Date: November 2, 1995
Effective Date: December 2, 1995
Expiration Date: November 1, 2000
Supersedes: N/A

Location: Weirton Hancock Ohio
(City) (County) (Drainage Basin)

Outlet Latitude: N/A
Sites: Longitude: N/A

To whom it may concern:

This is to certify that Hancock County Public Service District
814 Adams Street
Steubenville, OH 43952

is hereby granted a NPDES Water Pollution Control Permit to acquire, construct, install, operate, and maintain a sewage collection system consisting of 4,320 linear feet of three (3) inch sewer line, 23,100 linear feet of four (4) inch sewer line, 47,475 linear feet of six (6) inch sewer line, 22,980 linear feet of eight (8) inch sewer line, 5,400 linear feet of 10 inch sewer line, nine (9) grinder pump stations, two (2) vacuum collection/pump stations, 2,500 linear feet of 1.25 inch force main, 350 linear feet of 1.5 inch force main, 1,100 linear feet of two (2) inch force main, 4,150 linear feet of 2.5 inch force main, 480 linear feet of four (4) inch force main, 550 linear feet of six (6) inch force main, 134 manholes, 30 cleanouts, and other necessary appurtenances.

The collection system is designed to serve 1,875 persons in the Kings Creek Road and Turkey Foot Road Areas of the Hancock County Public Service District and to convey the wastewater to the City of Weirton sewage collection and treatment system for ultimate treatment and discharge.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0101729 dated the 28th day of June 1995 and the plans and specifications approved by the Construction Assistance Branch on the 14th day of April 1995 is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections B, C, D, E, F, and G.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:
PLANS AND SPECIFICATIONS:

Date Approved: April 14, 1995

Prepared by: L. Robert Kimball & Associates

Title: Hancock County PSD-Weirton Area

EPA No. C-540444-01

SRF No. C-544196

Contract 1 and 2 - Wastewater Collection System

Contract 3 - Vacuum Collection/Pumping Station

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

C. MANAGEMENT CONDITIONS

- 1. Duty to Comply**
 - (a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
 - (b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.
- 2. Duty to Reapply**

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.
- 3. Duty to Mitigate**

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.
- 4. Permit Actions**

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit conditions.
- 5. Property Rights**

This permit does not convey any property rights of any sort or any exclusive privilege.
- 6. Signatory Requirements**

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10, Section 4.6 of the West Virginia Legislative Rules.
- 7. Transfers**

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.
- 8. Duty to Provide Information**

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.
- 9. Other Information**

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.
- 10. Inspection and Entry**

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

 - a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
 - b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
 - c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
 - d) Samples or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.
- 11. Permit Modification**

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22, Article 11, Section 12 of the Code of West Virginia.
- 12. Water Quality**

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.
- 13. Outlet Markers**

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.
- 14. Liabilities**
 - a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
 - b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
 - c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
 - d) Nothing in C.14.a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed and used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Regulations, authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions

(1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and

(2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3.d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;

(2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass

(1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless;

(A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and

(C) The permittee submitted notices as required under D.3.c) of this permit.
(2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3.d)(1) of this permit.

4. Upset N/A

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An upset occurred and that the permittee can identify the cause(s) of the upset;

(2) The permitted facility was at the time being properly operated;

(3) The permittee submitted notice of the upset as required in F.2.b) of this permit.

(4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

E. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

- a) Permittee shall submit each N/A, according to the enclosed format, a Discharge Monitoring Report(DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).
- b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief
Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Attention: Municipal Branch

- c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E"(i.e., number exceeding).
- e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month.) if continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.5.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three(3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "i-s" =immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two(2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Noncontact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

F. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee for any responsibilities, liabilities, or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11. Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five(5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
 - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
 - (2) Any upset which exceeds any effluent limitation in the permit; and
 - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
 - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Title 47, Series 10, or
 - (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. The notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
 - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
 - (A) One hundred micrograms per liter (100 ug/l);
 - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
 - (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Title 47, Series 10;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
 - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
 - (A) Five hundred micrograms per liter (500 ug/l);
 - (B) One milligram per liter (1 mg/l) for antimony;
 - (C) Ten(10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Title 47, Series 10;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Title 47, Series 10;
 - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
 - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Title 47, Series 10 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

G. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
3. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.
4. If any existing non-domestic discharge is identified as being subject to a Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. WV0101729, dated the 28th day of June, 1995; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0101729, dated the 28th day of June, 1995, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 of the Code of West Virginia and is transferable under the terms of Section 11 of said article.

By: 

Chief

BST/rb

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by the Board for this purpose, with the Board, in accordance with the provisions of Chapter 22, Article 11, Section 21 of the Code of West Virginia within thirty(30) days after the date of receipt of the above permit.

**EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION**

REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- (1) Potential toxicity in water to man, animals and aquatic life;
- (2) Details on analytical procedures for the quantitative estimation of such substances in water and
- (3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:

Notify the following number: 1-800-642-3074.

INFORMATION NEEDED:

- | | |
|--|---------------------------------------|
| - Source of spill or discharge | - Personnel at the scene |
| - Location of incident | - Actions initiated |
| - Time of incident | - Shipper/Manufacturer identification |
| - Material spilled or discharged | - Railcar/Truck identification number |
| - Amount spilled or discharged | - Container type |
| - Toxicity of material spilled or discharged | |

**DIVISION OF ENVIRONMENTAL PROTECTION**GASTON CAPERTON
GOVERNOR1201 Greenbrier Street
Charleston, WV 25311-1088LAIDLEY ELI McCOY, Ph.D.
DIRECTOR

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a (Now, Chapter 22, Article 11, Section 10). This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Division of Natural Resources. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is \$250. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.



DIVISION OF ENVIRONMENTAL PROTECTION

617 Broad Street
Charleston, WV 25301-1251

GASTON CAPERTON
GOVERNOR

LAIDLEY ELI McCOY, Ph.D.
DIRECTOR

November 28, 1995

Mr. Francis R. Snock, Grants Management Officer
Grants and Audit Management Branch (3PM70)
US Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Hancock County PSD
C-540444-01

Dear Mr. Snock:

Transmitted are the Part B documents for Contracts 1, 2, & 3 for the above referenced project. The State approves the bidding procedures and the request for grant increase in the amount of \$1,074,200 reflecting a revised federal grant of \$3,990,230, based on total eligible project costs of \$5,446,100.

Should you have any questions, please contact Rosalie Brodersen at 558-0637 (or TDD 558-4144).

Sincerely,

OFFICE OF WATER RESOURCES


for Mike Johnson, P.E.
Assistant Chief
Construction Assistance

MJ/cgw

Enclosures

cc: Hancock County PSD
L. Robert Kimball & Associates, Inc.
BHJ Metropolitan Planning Commission
Mr. Bernie Yonkosky, WDA

**INTER-GOVERNMENTAL AGREEMENT
TO PROVIDE SANITARY SEWAGE TREATMENT
TO THE HANCOCK COUNTY PUBLIC SERVICE DISTRICT**

**SANITARY BOARD
CITY OF WEIRTON**

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**INTER-GOVERNMENTAL AGREEMENT
TO PROVIDE SANITARY SEWAGE TREATMENT
TO THE HANCOCK COUNTY PUBLIC SERVICE DISTRICT**

THIS AGREEMENT, made this 13th day of October, 1995 by and between The Sanitary Board of the City of Weirton, West Virginia, a municipal statutory corporation, party of the first part, hereinafter referred to as "Board", and the Hancock County Public Service District, a West Virginia public corporation, party of the second part, hereinafter referred to as "the District";

WHEREAS, the Board presently owns and operates a wastewater treatment plant and interceptor sewer system; and

WHEREAS, the District intends to construct interceptor, collector, sewer and pumping stations for the collection of wastewater with portions of its service area; and

WHEREAS, the District desires to connect its collected sanitary flow to the Board's sewer system at mutually agreed upon locations along the King's Creek Interceptor and to have said sanitary flow treated by the Board in accordance with applicable water quality standards; and

WHEREAS, it is necessary for the District to secure a service agreement to be submitted to the Public Service Commission of West Virginia ("Commission") for approval pursuant to which the Board would transport and treat sewage from a portion of the District's service area, more specifically known as Riverview Estates, Swearingen Hill Road, Wiley Ridge Road, a portion of Caruthers Road, and a portion of Anderson Lane, as well as Lick Run Road, Lions Run Road, and King's Creek Road, collectively referred to as the "Weirton Subareas"; 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;

WHEREAS, the Board and District agree that the Board should recover from the District the rate charges set forth herein; and

WHEREAS, the Board must rely on the District to ensure that the District's customers in the Service Area (i) promptly pay the District rate sufficient to permit the District to pay to the Board the payments set forth in this Agreement and (ii) do not introduce the harmful substances into the system;

NOW, THEREFORE, for and in consideration of the promises, which are hereby made an integral part of this Agreement and not to be construed as mere recitals, the covenants and agreements set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Board and the District agree:

1. It is clearly understood that the Board will, by its statutory authority, represent the City of Weirton and hereafter carry forth all obligations pursuant to this contract between the City and the District. (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.)

ARTICLE I COLLECTION AND TREATMENT

Section 1.01. The Board shall accept as the points of interconnection hereinafter set forth ("Points of Interconnection"), convey to and treat at its Plant up to, but no more than five

hundred thousand (500,000) gallons average per day on a monthly basis of sewage delivered at the Points of Interconnection by the District. The Board shall take all reasonable efforts to treat the Sewage so as to produce a Plant effluent within the effluent discharge limitations of the Board's NPDES permit and other applicable requirements.

Section 1.02. The District shall have no authority or control over the operation of the Plant or the quality of the effluent of the Plant, which shall at all times remain under the exclusive ownership and control of the Board.

Section 1.03. The Board may, at its option, at the Points of Interconnection, accept sewage or other influent originating outside the Service Areas, as described and depicted in Exhibit #1, a copy of which is attached to and incorporated in this Agreement. Notwithstanding Exhibit #1, it is understood and agreed that all customers in the Service Areas now serviced directly by the Board are and shall remain customers of the Board. For purposes of this Section 1.03, "served directly by the Board" means any person or other entity the influent of which is collected and transported to the Plant without passing through the District Facilities as defined in Section 2.01. Additionally, any new expansion by the City or Board into the District jurisdiction would require request and approval by the District.

Section 1.04. The Points of Interconnection shall be located as identified in Exhibit #2 (King's Creek Interconnection). In addition to the total volumetric limit on the sewage set forth in Section 1.01, the total influent delivery at the King's Creek Interconnection, shall not exceed .8 MGD for any given day. The engineering specifications for and specific locations of the Points of Interconnection are more fully set forth in Exhibit 2, a copy of which is hereto attached and incorporated in this Agreement.

ARTICLE II
CONSTRUCTION, INSPECTION AND
USE OF DISTRICT FACILITIES

Section 2.01. The Board shall bear no financial or other responsibility for the construction of the District's collector sewer system ("District Facilities") in the Service Areas. However, the Board shall, at its own expense, have the right, but not the obligation, to inspect and approve, prior to the implementation of service under this Agreement the design and construction of the District Facilities to ensure that the District Facilities will collect from the Service Areas and satisfactorily transport the Sewage (without excessive infiltration and influent surface drainage, known as inflow) to the Points of Interconnection in accordance with current and future applicable regulations and the terms of this Agreement. The Board may notify the District in writing of any material deficiency in such design of construction. Service under this Agreement shall not commence until the District shall have corrected any such deficiency to the satisfaction of the Board. The District shall at all times remain legally responsible for the maintenance and operation of the District Facilities.

Section 2.02. The District shall provide at no cost to the Board one reproducible copy of detailed, "as built" for the District Facilities and update those plans throughout the term of this Agreement in order that the Board shall have, at all time, a clear and accurate understanding of the District Facilities and their use.

Section 2.03. The District shall provide the Board with at least ten (10) days prior written notice of the date and time at which it proposes to connect the District Facilities to the System at the Points of Interconnection. The Board shall, at its own expense, have the right, but not the obligation, at such time and place to inspect the work performed to ensure

satisfactory connection. These connections should not be made prior to necessary improvements to King's Creek Interceptor and affected areas unless said improvements are not completed by November 1, 1993.

Section 2.04. The Board shall, from time to time as it deems necessary and at its owns expense, have the right, but not the obligation, to inspect the District Facilities for the purpose of determining that they are constructed and operated in such a way as to: minimize infiltration, eliminate illegal sources of inflow into the System, and determine to the Board's satisfaction that the Sewage and District Facilities do not violate the standards set forth in this Agreement.

Section 2.05. The District shall adopt, maintain, and collect rates and other charges which at all times provide sufficient revenue to: (i) comply with and be consistent with all Bond requirements.

Section 2.06. The District shall comply, and ensure that its customers in the Service Areas comply, with the Board's "Rules and Regulations for Sewage Service" as hereafter amended, a copy of which is attached to and incorporated in this Agreement as Exhibit 3. Specifically, and without limiting the generality of the foregoing, the District shall:

- (a) Prohibit septic haulers and all other persons and entities from introducing into the District Facilities waste other than that generated on premises permanently connected to the District Facilities; and
- (b) Require all commercial and industrial customers to comply with any pretreatment or testing requirements imposed by the Board. Copies of all such applications shall be filed with the Board upon their receipt by the District, and no such service shall

commence until such customer has furnished all requisite information to the Board and the Board has determined what pretreatment or testing, if any, is to be required.

Section 2.07. The District shall provide for testing of the Sewage at a laboratory acceptable to the Board. Tests will be made, if requested by the Board, to determine the District's compliance with Section 2.06, and other applicable provisions of this Agreement, if the Board believes that any problem or problems exist with the Sewage or within the District Facilities. If testing establishes that such problem or problems do not exist, then the tests shall be paid for by the Board. If testing establishes the existence of such problem or problems, then the tests shall be paid for by the District. The District will also make, at its expense, such tests as may be required by any governmental agency, State or Federal, having jurisdiction or regulatory authority over the District Facilities or authority to require such testing. The District shall provide a copy of all test results to the Board and shall keep a copy of such results in its permanent records.

Section 2.08. All measurements, tests, and analyses of the characteristics of waters and wastes under this Agreement shall be determined in accordance with the current edition of "Standard Methods for the Examination of Waste and Wastewater", published by the American Public Health Association, American Water Works Association, and Water Pollution Control Federation, upon suitable samples taken at the nearest manhole.

Section 2.09. Notwithstanding Sections 4.01 and 6.01, in the event that the District shall introduce or permit to be introduced influent into the System the quality or quantity of which jeopardizes the System or the Board's ability to continue economically to serve all of its customers, the Board shall notify the District orally, followed immediately by written notice, of

such introduction and its potential impact on the System, and request an immediate response from the District as to what remedial action will be taken. In the absence of satisfactory remedial action, the Board may:

- (a) If time permits, obtain a court order requiring the District to immediately discontinue such introduction; and
- (b) or seek whatever remedies otherwise at the Board's disposal.

Section 2.10. The District shall install or cause to be installed a sewage meter for each of its Points of Interconnection in the Service Areas. The District shall maintain such meters in good working order so that each meter accurately reflects the volume of influent from the service area.

Section 2.11. The District shall not adopt any rule, regulation or operating procedure which would detrimentally affect the operations of the Board's system. The District shall provide the Board with a copy of its rules, regulations, or operating procedures and any changes made thereto.

ARTICLE III RATES AND CHARGES

Section 3.01. The charges to the District shall be based upon quarterly volumetric flow and determined in accordance with Section 3.02 ("Volumetric Charge"). The Board shall bill the District for the Volumetric Charge on a quarterly basis, and the District shall remit payment to the Board for the Volumetric Charge within twenty (20) days after such statement is sent to the District at the address set forth below. The Volumetric Charge shall be subject to the late payment and other provisions of the Board's tariff except such provisions as are clearly inconsistent with this Agreement.

Section 3.02. The Volumetric Charge shall be based on the tariff rates of the Board as now or hereafter established pursuant to Chapter 8, Article 20 of the West Virginia Code of 1931, as amended. A single Volumetric Charge shall be calculated for the total of the Points of Interconnection such that all sewage accepted at the Points of Interconnection shall be run through the rate blocks of the Board's tariff.

The Volumetric Charge shall be based on the following formula:

(a) Metered quantity of Sewage introduced into the System at the Points of Interconnection.

The District shall furnish to the Board by the 15th day of each calendar month all metering information from the prior calendar month.

Section 3.03. The District shall install at the District's expense and thereafter to operate and maintain at the District's sole expense, a master meter at each of the Points of Interconnection to be used for determining the Volumetric Charge set forth in Section 3.02. Such master meters shall at all times remain the exclusive property and under the sole control of the District, provided, however, that the Board may, upon reasonable notice to the District, inspect such master meters to ensure their accurate measurement of the Sewage.

Section 3.04. Each party shall have the right at all reasonable times, during normal business hours, to make such examination of the books and records of the other party as may be necessary and desirable.

ARTICLE IV
DEFAULT AND SECURITY

Section 4.01. In the event that the District fails to make any payment due under this Agreement and remains in default for a period of ten (10) days after the due date, or in the event that the District fails to perform any other item, obligation, or condition of this Agreement, and fails to correct such default (or to commence correction of such default if correction shall reasonably require more than twenty (20) days) within twenty (20) days of receipt of written notice from the Board specifying such default, then the Board shall have the following rights and remedies, the election of which shall be solely at the discretion of the Board:

- (a) The right to require specific performance by the District, through institution of a civil action against the District in the Circuit Court of Hancock County;
- (b) The right to correct such default itself and to charge the District for its costs;
- (c) The right to seek damages from the District through institution of a civil action against the District in the Circuit Court of Hancock County; and
- (d) The right to pursue any other remedy against the District which the Board may have under the laws of the State of West Virginia.

ARTICLE V
TERM

Section 5.01. This Agreement shall be in effect for a period of one fiscal year, subject to annual renewal for any additional period of time needed to complete all phases of the project, each of which annual renewal periods shall be limited to one fiscal year; provided that, in addition to the right of non-renewal, either party hereto shall have the right to terminate this

agreement on any 12-month anniversary of the date of this agreement by giving to the other party thirty (30) days' written notice of such termination.

ARTICLE VI
NOTICE

Section 6.01. Notices given pursuant to this Agreement shall be deemed effective upon mailing by United States certified or registered mail, return receipts requested, to the parties at:

The Weirton Sanitary Board
5000 Freedom Way
Weirton, WV 26062

Hancock County Public Service District
3550 Main Street
Weirton, WV 26062

or such other address as may be provided in writing to the other party.

ARTICLE VII
CONDITIONS PRECEDENT

Section 7.01. This Agreement and the respective obligations of the parties are conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement will commence upon enactment of applicable state law.

~~(a) West Virginia State Code 8-11-3 requires the City to approve by ordinance;~~

(b) West Virginia State Code 16-13A-7 requires the District to approve by Resolution; and

(c) The District shall have good and valid title to all real property, easements, rights-of-way, fixtures, and other District Facilities.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

Section 8.01. The Board represents and warrants that the execution, delivery, and performance of this Agreement by the Board have been duly authorized, and this Agreement constitutes a valid and binding obligation of the Board enforceable in accordance with its terms.

Section 8.02. The District represents and warrants that (i) the execution, delivery, and performance of this Agreement by the District has been duly authorized, and this Agreement constitutes a valid and binding obligation of the District enforceable in accordance with its terms; (ii) the books and records of the District have been kept in accordance with the regulations of the Commission and accurately reflect the District's operations; and (iii) the District has not and will not alienate or encumber the District Facilities.

ARTICLE IX
SALE OF DISTRICT FACILITIES

Section 9.01. The District hereby grants to the Board the right of first refusal to purchase the District Facilities, or any part thereof, subject to the terms of this Section 9.01. In the event that the District receives from any third party a bona fide offer to purchase the District Facilities, or any part thereof, which offer it wishes to accept, the District shall notify the Board of its intent to sell and include with such notice a written copy of such offer. The Board shall have twenty (20) days within which to irrevocably elect in writing to purchase such property in cash at closing on the terms of such offer. Closing shall take place within thirty (30)

days of the election by the Board to purchase such property. At closing, the District shall furnish the Board with all appropriate documents of conveyance and transfer.

The right of first refusal shall operate continuously throughout the term of this Agreement and apply to each and every proposed sale of the District Facilities.

Section 9.02. As a condition precedent to any sale of the District Facilities, or any part thereof, the District shall pay to the Board all payments due, fully compensating the Board. In the event the Board exercises its right of first refusal set forth in Section 9.01, such payments shall be credited against the purchase price paid by the Board to the District.

Section 9.03. Upon sale of the District Facilities or any part thereof, this Agreement shall terminate automatically with respect to such District Facilities, except that such purchaser shall be entitled for a period of one (1) year to continue service under this Agreement, subject to all of its terms, in exchange for only the Volumetric Charge calculated in accordance with Section 3.02.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.01. Nothing in this Agreement shall be construed to provide the District with any ownership or other interest in the plant or the System, which at all times shall remain the exclusive property of the Board.

Section 10.02. This Agreement constitutes the entire agreement between the Board and the District with respect to the matters addressed and may be amended only in a subsequent writing executed by both parties.

Section 10.03. This Agreement is binding upon the successors and assigns of the parties.

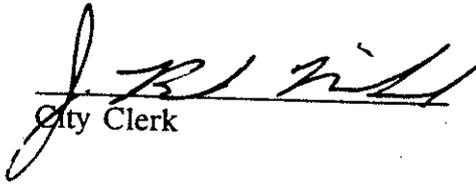
Section 10.04. This Agreement may not be assigned by either party without the prior written consent of the other party.

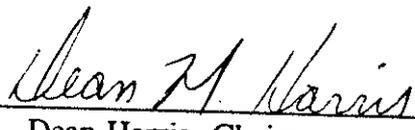
Section 10.05. The article and section headings in this Agreement are merely for the convenient reference of the parties and shall not affect the meaning or interpretation of this Agreement.

WITNESS the following signatures and seals this 12th day of October, 1995.

ATTEST:

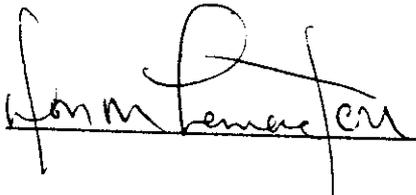
THE SANITARY BOARD OF THE
CITY OF WEIRTON, a West Virginia
municipal statutory corporation

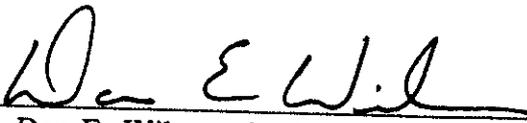

City Clerk

By: 
Dean Harris, Chairman

ATTEST:

HANCOCK COUNTY PUBLIC
SERVICE DISTRICT, a West Virginia
public corporation


Dan E. Wilson, Chairman

By: 
Dan E. Wilson, Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HANCOCK, To-Wit:

I, KAREN M. ORLER, a Notary Public, in and for the said County and State, do certify that Dean Harris, Chairman of the Sanitary Board of the City of Weirton, a West Virginia municipal corporation, who signed the writing above, bearing the date the 12TH day of OCTOBER, 1995, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said Board.

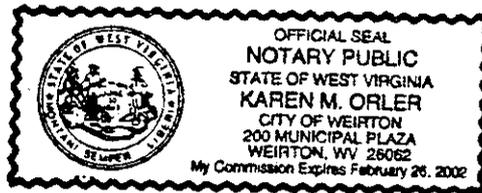
Given under my hand and certified under my official Notarial Seal this 12TH day of OCTOBER, 1995.

Karen M. Orler

Notary Public

My Commission Expires:

2-26-02

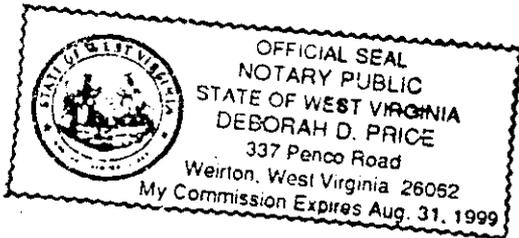


STATE OF WEST VIRGINIA,

COUNTY OF HANCOCK, To-Wit:

I, Deborah D Price, a Notary Public, in and for the said County and State, do certify that Dan E. Wilson, Chairman of the Hancock County Public Service District, a West Virginia public corporation, who signed the writing above, bearing the date the 12th day of October, 1995, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and certified under my official Notarial Seal this 12th day of October, 1995.



Deborah D. Price
Notary Public

My Commission Expires:

8-31-99



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. MCGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

October 19, 1995

Mark A. Colantonio, Esquire
Frankovitch & Anetakis
337 Penco Road
Weirton, West Virginia 26062-3828

Re: Intergovernmental Agreement dated October 12, 1995,
between the City of Weirton Sanitary Board
and the Hancock County Public Service District

Dear Mr. Colantonio:

Pursuant to Chapter 8, Article 23, Section 3, West Virginia Code of 1931, as amended, the above-captioned document was re-submitted to this office for approval or disapproval under cover of October 16, 1995, received by us on October 19, 1995.

I am pleased to inform you that the subject document, returned to you herewith, has been approved as to form by the Attorney General, with two reservations:

1. Section 7.01(a) on page 10 states that the enactment of an ordinance by the City of Weirton is a condition precedent to the validity of the agreement. Since the City of Weirton is not a signatory party to the agreement, the enactment of an ordinance is not necessary and this provision should be deleted.

2. We normally require original documents for our examination. Because we have approved a photocopy in this case, we are not responsible for any defects or alterations of the original document that are not apparent on the copy.

Feel free to call me if you have any questions. Thank you for your assistance and cooperation.

Very truly yours,

A handwritten signature in cursive script that reads "Dawn E. Warfield".

DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/pam
Enclosures

37B

OPERATION AND MAINTENANCE AGREEMENT

THIS AGREEMENT, made this ____ day of _____, 1995, by and between the CITY OF WEIRTON SANITARY BOARD, a municipal statutory corporation, party of the first part, (hereinafter referred to as the "Board") and the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, party of the second part, (hereinafter referred to as the "District").

WITNESSETH:

WHEREAS, the Board presently owns and operates a wastewater treatment system with capacity to do all things herein contemplated, a part of that system being known as the "King's Creek Interceptor"; and

WHEREAS, the District is currently in the process of constructing a wastewater collection system in Hancock County, West Virginia, known as the Weirton Sub-Area Wastewater Project (hereinafter referred to as the "Project"); and

WHEREAS, the Board and the District have previously entered into an Intergovernmental Agreement under which the Board has agreed to treat wastewater generated by the District's Project; and

WHEREAS, certain repairs and upgrades are necessary to the Board's wastewater treatment system, more specifically the King's Creek Interceptor, so as to allow the Board's system to accept the additional expected flows generated by the Project; and

WHEREAS, the Board has agreed to make all necessary upgrades needed to accept the additional flow generated by the Project; and

WHEREAS, under the terms set forth herein, the District has agreed to advance a portion of the funding necessary to effectuate a portion of the repairs and upgrades necessary to the Board's

sanitary sewage system and the Board has agreed to repay all such advancements by providing operation and maintenance services to the District after completion of the Project; and

WHEREAS, in the event no such advancements by the District are necessary to upgrade the Kings Creek Interceptor, or in the event that such advancements are repaid while the District still requires operation and maintenance services, then this Agreement may be considered as a normal fee-for-service agreement.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

ARTICLE I

BOARD'S COVENANTS

The Board agrees:

1. To upgrade and renovate its sanitary sewage system, as set forth in the Amended Certificate case submitted by the Board and the District to the West Virginia Public Service Commission, Case No. 90-558-PSD-CN (Reopened), and the Facilities Plan submitted by the Board therein filed April 13, 1993 (hereinafter referred to as the "Facilities Plan").
2. To operate and maintain its sewage treatment system, including the King's Creek Interceptor, in conformity and compliance with the U.S. Environmental Protection Agency's (EPA) National Pollution Discharge Elimination System Permit Program and other state and federal statutes, rules and regulations, present and future.
3. To permit the District to connect its sanitary sewers to the Board's sanitary sewage system at the various points of interconnection contemplated by the Project, as is more particularly set forth in the plans and specifications submitted by the District in Case No. 90-558-PSD-CN. Except as otherwise provided, all properties constructed or acquired within the District shall remain the property of the District, and all property constructed or acquired by the Board shall remain the

property of the Board. However, the Board shall be conveyed ownership of the Chateau Village and Cove Valley Estates portion of the District's sewage system and all improvements made thereto, as contemplated by the Facilities Plan.

4. To provide normal and reasonable operation and maintenance services for the District, with charges for such services to be outlined herein, and extraordinary maintenance or major repairs with charges for such services to be on a job order basis, the cost of which shall be mutually agreed upon by both the District and Board prior to the commencement of such work. By way of example only, and not by way of limitation, normal operation and maintenance services consist of services performed on a routine basis such as checking lift stations, performing minor repairs on the system, responding to customer complaints and notifications of blockages and improper functioning of the system, performing tests as may be required by any governmental agency, state or federal, and similar services. Additionally, by way of example only, and not by way of limitations, the following services are deemed to be extraordinary services and will be billed to the District separately:

- a. customer taps shall be installed by the Board at a rate equivalent to that referred to in Exhibit "A". Materials for taps shall be provided by the District.
- b. work requiring significant capital expenditures, such as pump station rehabilitation or replacement and major line rehabilitation, replacement or extension. As used above, the term "major" means any job requiring more than one normal length of pipe.

In order to permit the Board to perform the covenants set forth above the District hereby expressly authorizes the board to make service calls within the District and to perform necessary repairs to services on the District's sewer lines and lift stations in response to notification or need by any resident utilizing the District's wastewater system or in response to any emergency situation of which the Board has knowledge, without first obtaining permission or consent of the District's Board of Commissioners or General Manager. The Board is specifically authorized to make any and all

EXHIBIT "A"

PERSONNEL - (LABOR FOR CALLS)

Supervisor
Labor

\$ 18.77/hr
14.84/hr

EQUIPMENT - (SERVICE CALLS)

Vehicle for transportation/tools
Vehicle (dump truck w/ driver) for hauling

\$ 3.25/hr
30.00/hr

EQUIPMENT - (MAJOR SERVICE CALLS)

Vehicle (pressure washer w/2 employees)
T.V. camera service w/2 employees
Smoke Testing Unit w/2 employees

\$ 140.00/hr
70.00/hr
50.00/hr

emergency repairs, when in the opinion of the Board's manager, such repairs are necessary. The Board is not authorized to make service calls or repairs on property not owned by the District or covered by the District's easements. The Board shall notify the District of any extraordinary maintenance or repair which, in the opinion of the Board's manager, is necessary, but which is not an emergency.

5. To provide the District with copies of the tests performed under this Agreement.

6. To use funds advanced by the District pursuant to this Agreement and at the Board's request, or to use the Board's own funds if the Board so chooses to obtain the funds elsewhere, to upgrade and renovate its sewage system, including the King's Creek Interceptor, in accordance with the Facilities Plan and to repay the District for such funds in the form of a credit against monthly billings by the Board for operation and maintenance performed under this Agreement, as is more specifically set forth herein.

7. To provide Worker's Compensation coverage for its employees and general comprehensive liability insurance coverages for any and all losses for property damage or bodily injury or any other loss occasioned by the performance of any operation and maintenance service. The Board further agrees to cause the District to be named as an additional insured under such general comprehensive liability insurance provided the Board's insurance carrier agrees thereto, and to provide the District a copy of the certificate of insurance evidencing such insurance prior to the start of any services contemplated hereunder.

8. The Board and the District agree that for purposes of all operation and maintenance services performed hereunder, the Board shall be and is an independent contractor of the District, and shall be responsible for its actions occurring during the performance of operation and maintenance services contemplated by this Agreement.

9. In the event that either party fails to perform any term, obligation or condition of this Agreement, and fails to correct such default upon notice from the other party specifying such default, then the aggrieved party shall have the right to require specific performance by the other party or the right to seek damages from the other party through the institution of a civil action against that party in the Circuit Court of Hancock County.

ARTICLE II

DISTRICT'S COVENANTS

The District agrees:

1. To construct and operate a wastewater collection system within its boundaries sufficient to collect and transport its wastewater to the designated point(s) in the Board system. The District shall convey all rights, title and ownership interest in the Cove Valley and Chateau Village portions of its system to the Board. The District shall retain full title to, and ownership of, all other parts of its sanitary wastewater collection system constructed or upgraded by it and the Board shall acquire no title to or ownership in such facilities.
2. To provide to the Board two copies of "As Built" plans for all collection lines. Updated drawings are to be provided annually or as may be required by any state or federal regulations, so that the Board has current information on District's sewers.
3. If requested by the Board in writing, to advance to the Board funds obtained from its WDA bond issue for the project an amount not to exceed Thirty-Three Thousand Seven Hundred Fifty Dollars (\$33,750.00), which the Board is to use exclusively for funding the upgrades and repairs to the King's Creek Interceptor, as set forth in the Facilities Plan, and for which said advancements the District will receive a credit on its monthly billings, as more specifically set forth herein.

4. Nothing herein contained shall be construed in any manner so as to provide to District title to or any interest in the ownership in the Board's wastewater treatment system. The parties expressly understand and agree that the Board is to retain full and complete title to and ownership in its wastewater treatment plant and interceptor system and the District is to derive no title to or ownership in the same by the payments herein required. The District shall, however, by such payments and compliance with its other obligations hereunder acquire the rights to use the services and functions of the said treatment plant and interceptor system as provided in this Agreement and in the Intergovernmental Agreement.

ARTICLE III

PAYMENT AND CREDIT FOR SERVICES

1. The Board shall bill the District for all operation and maintenance services hereunder on a monthly basis, each bill to be submitted the tenth (10th) day of the following month. The District shall provide the Board, within seven (7) days of the receipt of each monthly billing, written notification in the event that the District disputes or questions any charge contained on the monthly billing together with the reasons therefore.
2. The District shall receive a credit on all billings made by the Board for services under this Agreement. The total amount of credit to the District shall include: 1) the "principal amount", which is the total amount of funds advanced by the District to the Board hereunder for the upgrade and construction of the King's Creek Interceptor; and 2) interest on said principal amount accruing over the entire period for which there exists a positive principal credit balance due the District. The interest rate charged on the principal amount and for which the District is entitled a credit shall be equal to that charged the District in its WDA Bond issue.

3. The charges submitted by the Board on each monthly bill shall be determined in accordance with the labor rates set forth in the schedule of rates attached hereto as Exhibit "A". The Board shall itemize each monthly billing, indicating the service provided, the date provided, the customer, the amount of and time of labor involved, expenses for equipment and parts, if any, and the total amount of charges billed and to be credited. Travel time and mileage expenses, if any, are to be shown separately on each invoice submitted together keyed to the date and type of service provided. The Board's general manager shall sign off on all time sheets for work performed and on all invoices submitted to the District.

4. The District shall not be charged overtime rates for work performed unless the work is in connection with an emergency repair. If the Board works on a non-emergency repair or call during an overtime period, the District shall only be billed for work on a straight time basis. If work is considered on an emergency basis by the Board and on a non-emergency basis by the District, the District will pay for the call or repair, but all other similar calls or repairs will be charged only on a straight time basis.

5. The District shall pay for an experienced trainer to train Board employees on the operation and maintenance of a vacuum sewer system and pumping stations for an initial training period only. The Board will be responsible for the salaries of all their employees requiring training during this training period. Any Board employees requiring training after the initial training period will be at the Board's costs including the cost of the trainer.

6. In the event of any dispute as to the appropriateness of any item on any bill submitted by the Board to the District for payment, the District and the Board shall each make a good faith effort to resolve any such dispute. In the event the parties are unable to resolve the dispute, they shall submit the matter to the West Virginia Public Service Commission for resolution.

7. At the end of each twelve (12) month period during the term of this Agreement, the Board shall provide the District an analysis of the operation and maintenance costs associated with the District's system. Such analysis shall be provided to the District in a form to be agreed upon by the parties.

8. At the end of each fiscal year (July 1 for the Sanitary Board), the Board shall advise the District in writing of any change required in the schedule of rates attached as Exhibit "A". The District will have a thirty (30) day review period in which to accept or reject the rate structure provided by the Board.

A. Should the parties be unable to reach an amenable conclusion to any dispute which arises from the proposed rates provided each July 1, then the matter shall be remanded to the West Virginia Public Service Commission for review and decision.

B. Should the District choose to seek another provider for operation and maintenance services as a result of changes to the schedule of rates presented in Exhibit "A", the District must notify the Board in writing thirty (30) days in advance, and the board and the District shall agree on terms and conditions of payment for any outstanding amount which may have been encumbered by this Agreement.

ARTICLE IV

TERMINATION

1. This Agreement shall terminate when the entire amount of the credit balance, including principal and interest, has been repaid to the District through credits on monthly billing for operation and maintenance services hereunder; provided, however, that this Agreement shall have a minimum term of one (1) year unless otherwise terminated previously by the District, and in the event no advancement is requested by the Board, or in the event the Board's portion of the WDA Bond is paid

off prior to the expiration of the one (1) year term of this Agreement, the District shall pay the Board directly for all monthly operation and maintenance charges hereunder. The Board shall notify the District at least six (6) months before termination of this Agreement in order to allow the District sufficient time to renegotiate a new agreement with the Board or negotiate an agreement with another party.

2. If the Board is unresponsive to the conditions of this Agreement or if the work performed by the Board is unsatisfactory to the District, the District shall notify the Board in writing of its complaints. After notifying the Board of unsatisfactory performance on three (3) separate occasions, the District shall have the right to terminate this Agreement. In the event that termination of this Agreement for any reason occurs prior to the District having received credit for the entire balance of principal and interest due hereunder, the Board shall repay the District in cash any such remaining balance then owned.

ARTICLE V

MISCELLANEOUS

This Agreement and any attachments hereto shall be binding upon the parties hereto and shall not be changed, altered or amended except by mutual consent of the parties in writing.

IN WITNESS WHEREOF, the parties hereto have made and executed this Operation and Maintenance Agreement by their appropriate officers as of the day and year first above written.

HANCOCK COUNTY
PUBLIC SERVICE DISTRICT

THE CITY OF WEIRTON
SANTARY BOARD

By: Don E. Wil
Its: Chairman

By: Alan M. Harris
Its: Chairman

APPROVED AS TO FORM THIS 20
DAY OF October, 1995

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

BY: [Signature]
DEPUTY ATTORNEY GENERAL



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25305

DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

(304) 558-2021
FAX (304) 558-0140

October 31, 1995

Mark A. Colantonio, Esq.
Frankovitch & Anetakis
Attorneys at Law
337 Penco Road
Weirton, WV 26062-3828

Re: Operation and Maintenance Agreement between
City of Weirton Sanitary Board and the Hancock
County Public Service District

Dear Mr. Colantonio:

Pursuant to Chapter 8, Article 23, Section 3, West Virginia Code of 1931, as amended, the above-captioned document was submitted to this office for approval or disapproval under cover of October 19, 1995, received by us on October 20, 1995.

I am pleased to inform you that the subject document, returned to you herewith, has been approved as to form by the Attorney General. However, please provide the date of the agreement on page 1.

Thank you for your assistance and cooperation.

Very truly yours,

Dawn E. Warfield
DAWN E. WARFIELD
DEPUTY ATTORNEY GENERAL

DEW/afc

Enclosures

38B