

**HAMRICK PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)**

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**HAMRICK PUBLIC SERVICE DISTRICT**  
**SEWER REVENUE BONDS,**  
**SERIES 1998 A (WEST VIRGINIA SRF PROGRAM) AND**  
**SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND RESOLUTION**

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HAMRICK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HAMRICK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$1,550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS 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 HAMRICK 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"), supplemental to the Prior Resolution (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A 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. Hamrick Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Tucker 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 improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of a wastewater collection system in Tucker County at Hendricks, Hambleton and Bretz, 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"), 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 the 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 and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$1,750,000 in two series (collectively, the "Series 1998 Bonds"), being the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$200,000 (the "Series 1998 A Bonds"), and the Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$1,550,000 (the "Series 1998 B Bonds"), 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, if any, upon the Series 1998 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, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 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 1998 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 1998 A 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"), and its Series 1998 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated February 11, 1997, issued in the original aggregate principal amount of \$280,159 (the "Prior Bonds").

The Series 1998 Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1998 Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1998 Bonds on a parity with the Prior Bonds. Other than the Prior 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 following 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 Series 1998 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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 1998 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

**Section 1.03. Bond Legislation Constitutes Contract.** In consideration of the acceptance of the Series 1998 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 Series 1998 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, Chapter 22C, Article 2 and Chapter 31, Article 15A 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 1998 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"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 1998 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by 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 1998 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 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.

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; 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.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"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, 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 any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 1998 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the Council,

providing for the purchase of the Series 1998 B Bonds from the Issuer by the Authority, the forms 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 1998 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 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 1998 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, 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, 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 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 1998 Bonds in the Supplemental Resolution.

"Prior Bonds" means the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), described in Section 1.02G hereof.

"Prior Resolution" means, collectively, the resolution and the supplemental resolution of the Issuer duly adopted February 10, 1997, authorizing the Prior Bonds.

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

"Project" means the Project as described in Section 1.02B hereof.

"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.

"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 the Prior Resolution and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1998 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1998 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued hereby.

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

"Series 1998 A Bonds" means the not more than \$200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 1998 A Bonds Construction Trust Fund" means the Series 1998 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 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 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1998 B Bonds" means the not more than \$1,550,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 B Bonds Construction Trust Fund" means the Series 1998 B Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1998 B Bonds Reserve Account" means the Series 1998 B Bonds Reserve Account established in the Series 1998 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 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 1998 B Bonds in the then current or any succeeding year.

"Series 1998 B Bonds Sinking Fund" means the Series 1998 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1998 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1998 A Bonds.

"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 resolutions authorizing the sale of the Series 1998 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 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 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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 \$3,070,000, 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 1998 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 DEP and the Council.

The cost of the Project is estimated to be \$3,070,000, of which approximately \$200,000 will be from proceeds of the Series 1998 A Bonds, approximately \$1,550,000 will be from proceeds of the Series 1998 B Bonds, approximately \$1,250,000 will be from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately \$70,000 will be from a grant by the Governor's Contingency Fund.

### 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 1998 Bonds, funding a reserve account for the Series 1998 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1998 Bonds of the Issuer. The Series 1998 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program)," in the principal amount of not more than \$200,000, and "Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund)," in the principal amount of not more than \$1,550,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 1998 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

**Section 3.02. Terms of Bonds.** The Series 1998 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, 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 1998 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 1998 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 1998 Bonds. The Series 1998 Bonds shall be exchangeable at the option and expense of the Registered Owner 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 Series 1998 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

**Section 3.03. Execution of Bonds.** The Series 1998 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 1998 Bonds shall cease to be such officer of the Issuer before the Series 1998 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 1998 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 1998 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 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 1998 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 1998 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1998 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 1998 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 1998 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 Series 1998 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 1998 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Sinking Funds and Reserve Accounts. No holder or holders of the Series 1998 Bonds shall ever have the right to compel the exercise

of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest, if any, thereon.

**Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds.** The payment of the debt service of the Series 1998 A Bonds and the Series 1998 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 the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 Bonds and the Prior 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 1998 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 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 1998 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 1998 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 1998 Bonds.

**Section 3.10. Form of Bonds.** The text of the Series 1998 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 1998 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAMRICK PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1998 A  
(WEST VIRGINIA SRF PROGRAM)

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

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

KNOW ALL MEN BY THESE PRESENTS: That HAMRICK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Tucker County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 199\_\_\_\_, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 199\_\_\_\_, as set forth on said EXHIBIT B.

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 the West Virginia Department of Environmental Protection (the "DEP"), 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 DEP, dated \_\_\_\_\_, 199\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing

public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 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 A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$280,159 (THE "PRIOR BONDS"), AND (2) SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 199\_\_\_\_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 1998 B BONDS").**

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 1998 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 1998 B Bonds; provided however, that so long as there exists in the Series 1998 A 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 on a parity with the Bonds, including the Prior Bonds and the Series 1998 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to 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 at the issuance of this Bond do exist, 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, HAMRICK 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 1998 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

(Form of)

**EXHIBIT A**

**RECORD OF ADVANCES**

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ \_\_\_\_\_

**EXHIBIT B**

**SCHEDULE OF ANNUAL DEBT SERVICE**



(FORM OF SERIES 1998 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAMRICK PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1998 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

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

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

KNOW ALL MEN BY THESE PRESENTS: That HAMRICK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Tucker County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 199\_\_\_\_, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 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"). 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 199\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A 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 A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$280,159 (THE "PRIOR BONDS"), AND (2) SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED \_\_\_\_\_, 199\_\_, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 1998 A BONDS").**

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 1998 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 on a parity with the Bonds,

including the Prior Bonds and the Series 1998 A Bonds; provided however, that so long as there exists in the Series 1998 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 on a parity with the Bonds, including the Prior Bonds and the Series 1998 A 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 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 at the issuance of this Bond do exist, 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, HAMRICK 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 1998 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

(Form of)

**EXHIBIT A**  
**RECORD OF ADVANCES**

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

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 1998 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. 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" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council a schedule in substantially the form attached to the respective Loan Agreements, 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 (or continued if previously established by the Prior Resolution) 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 Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution);
- (3) Series 1998 A Bonds Construction Trust Fund; and
- (4) Series 1998 B Bonds Construction Trust Fund.

**Section 5.02. Establishment of Funds and Accounts with Commission.** The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) 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 1997 A Bonds Sinking Fund (established by the Prior Resolution);
- (2) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account (established by the Prior Resolution);
- (3) Series 1998 A Bonds Sinking Fund;
- (4) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account;
- (5) Series 1998 B Bonds Sinking Fund; and
- (6) Within the Series 1998 B Bonds Sinking Fund, the Series 1998 B Bonds Reserve Account.

**Section 5.03. System Revenues; Flow of Funds.** A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in

this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Resolution to be deposited in the Series 1997 A Bonds Sinking Fund for payment of the principal of and interest, if any, on the Prior Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 A 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 1998 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; (iii) commencing 3 months prior to the first date of payment of interest on the Series 1998 B Bonds, for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1998 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1998 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iv) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1998 B Bonds, for deposit in the Series 1998 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 B 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 1998 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount required by the Prior Resolution to be deposited in the Series 1997 A Bonds Reserve Account; (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 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 1998 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1998 B Bonds, if not fully funded upon issuance of the Series 1998 B Bonds, remit to the Commission for deposit in the Series 1998 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 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 1998 B Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior 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 any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account and the Series 1998 B Bonds Reserve Account shall be used only for the purpose of paying

principal of and interest, if any, on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, as the same shall come due, when other moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, 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, if any, due on the Series 1998 A Bonds and the Series 1998 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 1998 A Bonds Reserve Account or the Series 1998 B Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account or the Series 1998 B Bonds Reserve Account to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1998 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 parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund or the Series 1998 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1998 A Bonds and the Series 1998 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1998 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 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B 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. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 A Bonds and the Series 1998 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if 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 1998 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. The Issuer shall also 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1998 A Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds, 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 the 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. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts 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 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 by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## 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 1998 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 A Bonds, there shall first be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, 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 Series 1998 A Bonds for the period commencing on the date of issuance of the Series 1998 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 1998 B Bonds, there shall first be deposited with the Commission in the Series 1998 B Bonds Sinking Fund, 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 Series 1998 B Bonds for the period commencing on the date of issuance of the Series 1998 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 1998 B Bonds, there shall be deposited with the Commission in the Series 1998 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 1998 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 1998 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1998 A Bonds shall be applied as directed by the DEP and any remaining proceeds of the Series 1998 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1998 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to, and approval from, the Authority and the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds, and

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

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

(b) 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) Each of such costs has been otherwise properly incurred;  
and

(d) Payment for each of the items proposed is then due and owing.

B. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 B Bonds

which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (b) 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) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the respective Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01.      General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1998 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 1998 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02.      Bonds not to be Indebtedness of the Issuer. The Series 1998 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 Series 1998 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 Bonds or the interest , if any, thereon.

Section 7.03.      Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1998 A Bonds and the Series 1998 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 Bonds and the Prior 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 and approved and described in the Final Order of the Public Service Commission of West Virginia entered August 28, 1997, in Case No. 97-0261-PSD-CN, and such rates are hereby adopted.

Section 7.05.      Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 1998 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Authority and the Council, 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 Series 1998 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Authority and the Council, 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 of and interest, if any, on the Series 1998 Bonds. Any balance remaining after the payment of the Series 1998 Bonds and interest, if any, 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 duly adopted, 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 of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund 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 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 in this 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 Series 1998 Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 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 1998 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 Series 1998 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1998 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP, the Authority and the Council 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. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 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 any outstanding Bonds, 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, 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, if any, 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, if any, on the following:

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

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

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 revenues of the System is subject to the prior and superior liens of the Series 1998 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this

section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1998 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.

**Section 7.08. Books; Records and Audit.** 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 DEP, the Authority and the Council, 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 DEP, the Authority and the Council 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 DEP, the Authority and the Council, 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 Issuer as the Governing Body shall direct.

The Issuer shall file with the DEP, the Council, the Authority, or any other original purchaser of the Series 1998 Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 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 in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act 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 1998 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 1998 Bonds. Such audit report submitted to the DEP, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, 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 permit the DEP, the Authority and the Council, 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 Council, 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 DEP, the Authority and the Council with respect to the System pursuant to the Act.

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 for the Series 1998 A Bonds or as promulgated from time to time.

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 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1998 A Bonds Reserve Account, the Series 1998 B Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 1998 Bonds, including the Prior 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 1998 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

**Section 7.10. Operating Budget 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 DEP, the Authority and the Council 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 DEP, the Authority and the Council 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 DEP, the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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 respective Loan Agreements, and forward a copy of such report to the DEP, the Authority and the Council 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 DEP, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, the Authority and the Council 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 DEP, the Authority and the Council 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 DEP, the Authority, the Council 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 for the Series 1998 A Bonds 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 shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

**Section 7.12. No Competing Franchise.** To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit

to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

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

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 and Operation 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. 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 1998 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 1998 Bonds during the term thereof is, under the terms of the Series 1998 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 1998 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 1998 Bonds during the term thereof is, under the terms of the Series 1998 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 1998 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 1998 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

**B. PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 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 1998 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 1998 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 1998 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

**Section 7.19. Statutory Mortgage Lien.** For the further protection of the Holders of the Series 1998 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 1998 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

**Section 7.20. Compliance with Loan Agreement and Law.** The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council 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 DEP, the Authority, the Council 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 7.21. 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 (17 CFR Part 240).

**Section 7.22. Contracts.** A. The Issuer shall, simultaneously with the delivery of the Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the DEP and the Council for written approval. The Issuer will obtain the written approval of the DEP and the Council before expending any proceeds of the Bonds held in "contingency" as set forth in the respective Schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Bonds made available due to bid or construction or project underruns.

## 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. 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 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 bond 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 as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

**Section 8.02. Arbitrage and Tax Exemption.** The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1998 Bonds which would cause the Series 1998 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 1998 Bonds) so that the interest, if any, on the Series 1998 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 1998 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1998 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.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and 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 relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any 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 Series 1998 Bonds subject to rebate. The Issuer shall also furnish 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 1998 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1998 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1998 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior 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 Holder of the Series 1998 Bonds shall be on a parity with the Holder of the Prior 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

### PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1998 Bonds, the principal of and interest, if any, 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 Series 1998 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, if any, on the Series 1998 Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1998 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1998 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 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, if any, 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 1998 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 1998 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 Supplemental Resolution, or the Series 1998 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; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control, unless less restrictive, so long as the Prior Bonds are outstanding.

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

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

- (a) The maximum amount of the Series 1998 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1998 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 12th day of January, 1998.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HAMRICK PUBLIC SERVICE DISTRICT on the 12th day of January, 1998.

Dated: January 20, 1998.

[SEAL]

  
Secretary

01/09/98  
373420/96001

**EXHIBIT A**

**Loan Agreement included in bond transcript as Document 3.**



HAMRICK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

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 1998 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF HAMRICK PUBLIC SERVICE DISTRICT ; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS 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 Hamrick Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective January 12, 1998 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HAMRICK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$1,550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS 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 1998 A (West Virginia SRF Program) and Series 1998 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 1998 A Bonds" and the "Series 1998 B Bonds"), in the respective aggregate principal amounts not to exceed \$200,000 and \$1,550,000, and has authorized the execution and delivery of the respective loan agreements relating to the Bonds (collectively, 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, Chapter 22C, Article 2 and Chapter 31, Article 15A 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, 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 HAMRICK 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 1998 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$200,000. The Series 1998 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2019, and shall bear no interest. The principal of the Series 1998 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending June 1, 2019, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 A Bonds. The Series 1998 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the 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 1998 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1998 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,550,000. The Series 1998 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2037, and shall bear interest at the rate of 2% per annum. The interest on and principal of the Series 1998 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending December 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1998 B Bonds. The Series 1998 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the 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 1998 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 Issuer does hereby authorize, approve, ratify 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, 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 under the Bond Resolution 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 designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Resolution.

**Section 6.** The Issuer does hereby appoint and designate Citizens National Bank, Parsons, West Virginia, as Depository Bank under the Bond Resolution.

**Section 7.** Series 1998 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1998 A Bonds Sinking Fund, as capitalized interest.

**Section 8.** Series 1998 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1998 A Bonds Reserve Account.

**Section 9.** Series 1998 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1998 B Bonds Sinking Fund, as capitalized interest.

**Section 10.** Series 1998 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1998 B Bonds Reserve Account.

**Section 11.** The balance of the proceeds of the Series 1998 A Bonds and the Series 1998 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the 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 January 20, 1998, 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.

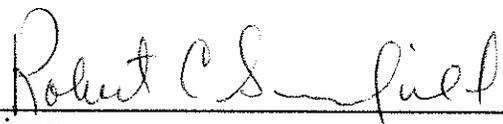
Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, 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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

Adopted this 12th day of January, 1998.

HAMRICK PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Member

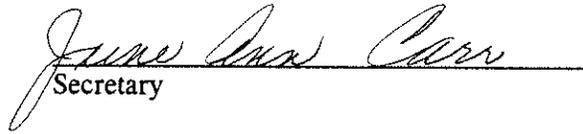
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hamrick Public Service District on the 12th day of January, 1998.

Dated: January 20, 1998.

[SEAL]

  
Secretary

12/19/97  
373420/96001





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 Loan with attachments and exhibits and an Amended Application for a 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 the 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, 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 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.

Hamrick Public Service District  
[Proper Name of Local Government]

(SEAL)

By: Robert C. J. Ful  
Its: Chairman

Attest:

Date: 12-15-97

[Signature]  
Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara Taylor  
Its: Chief, Office of Water Resources

Date: 12/19/97

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Zerkow  
Its: Director

Attest:

Date: December 9, 1997

Barbara B. Meadows  
Secretary-Treasurer

APPROVED AS TO FORM PRIOR TO  
ACKNOWLEDGEMENT THEREOF, THIS  
25<sup>th</sup> day of September 1997  
DARRELL V. McGRAW, JR.  
ATTORNEY GENERAL  
By: Paune Wayfield  
DEPUTY ATTORNEY GENERAL

**EXHIBIT A**

**[Form of Performance Certificate]**

**[TO BE PROVIDED BY DEP]**

EXHIBIT B

[Form of Monthly Financial Report]  
[Name of Local Government]  
[Name of Bond Issue]  
Fiscal Year - \_\_\_\_  
Report Month: \_\_\_\_\_

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

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

[Name of Local Government]

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

**EXHIBIT C**

**PAYMENT REQUISITION FORM**

**(All Copies 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

A. 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.

B. **AUDIT REQUIREMENT** (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives \$25,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act of 1984 and OMB Circular 128. Financial statement audits are required once all funds have been received by the loan recipient.

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

We have also examined the applicable provisions of \_\_\_\_\_ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond \_\_\_\_\_ duly enacted by the 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	\$ 200,000
Purchase Price of Bonds	\$ 200,000

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 Sept. 1, 1999, 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  
[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]. (See attached schedule) \*

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.

\*Water Development Authority - Sewer Revenue Bonds, Series 1997A, (West Virginia  
SRF Program) dated February 11, 1997, in the original principal amount of  
\$280,159.

SCHEDULE Y

Hamrick Public Service District, West Virginia  
 \$200,000.00 SRF Loan  
 20 Years, 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	2,500.00	-	2,500.00
12/01/1999	2,500.00	-	2,500.00
3/01/2000	2,500.00	-	2,500.00
6/01/2000	2,500.00	-	2,500.00
9/01/2000	2,500.00	-	2,500.00
12/01/2000	2,500.00	-	2,500.00
3/01/2001	2,500.00	-	2,500.00
6/01/2001	2,500.00	-	2,500.00
9/01/2001	2,500.00	-	2,500.00
12/01/2001	2,500.00	-	2,500.00
3/01/2002	2,500.00	-	2,500.00
6/01/2002	2,500.00	-	2,500.00
9/01/2002	2,500.00	-	2,500.00
12/01/2002	2,500.00	-	2,500.00
3/01/2003	2,500.00	-	2,500.00
6/01/2003	2,500.00	-	2,500.00
9/01/2003	2,500.00	-	2,500.00
12/01/2003	2,500.00	-	2,500.00
3/01/2004	2,500.00	-	2,500.00
6/01/2004	2,500.00	-	2,500.00
9/01/2004	2,500.00	-	2,500.00
12/01/2004	2,500.00	-	2,500.00
3/01/2005	2,500.00	-	2,500.00
6/01/2005	2,500.00	-	2,500.00
9/01/2005	2,500.00	-	2,500.00
12/01/2005	2,500.00	-	2,500.00
3/01/2006	2,500.00	-	2,500.00
6/01/2006	2,500.00	-	2,500.00
9/01/2006	2,500.00	-	2,500.00
12/01/2006	2,500.00	-	2,500.00
3/01/2007	2,500.00	-	2,500.00
6/01/2007	2,500.00	-	2,500.00
9/01/2007	2,500.00	-	2,500.00
12/01/2007	2,500.00	-	2,500.00
3/01/2008	2,500.00	-	2,500.00
6/01/2008	2,500.00	-	2,500.00
9/01/2008	2,500.00	-	2,500.00
12/01/2008	2,500.00	-	2,500.00
3/01/2009	2,500.00	-	2,500.00
6/01/2009	2,500.00	-	2,500.00
9/01/2009	2,500.00	-	2,500.00
12/01/2009	2,500.00	-	2,500.00
3/01/2010	2,500.00	-	2,500.00
6/01/2010	2,500.00	-	2,500.00

Hamrick Public Service District, West Virginia  
 \$200,000.00 SRF Loan  
 20 Years, 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2010	2,500.00	-	2,500.00
12/01/2010	2,500.00	-	2,500.00
3/01/2011	2,500.00	-	2,500.00
6/01/2011	2,500.00	-	2,500.00
9/01/2011	2,500.00	-	2,500.00
12/01/2011	2,500.00	-	2,500.00
3/01/2012	2,500.00	-	2,500.00
6/01/2012	2,500.00	-	2,500.00
9/01/2012	2,500.00	-	2,500.00
12/01/2012	2,500.00	-	2,500.00
3/01/2013	2,500.00	-	2,500.00
6/01/2013	2,500.00	-	2,500.00
9/01/2013	2,500.00	-	2,500.00
12/01/2013	2,500.00	-	2,500.00
3/01/2014	2,500.00	-	2,500.00
6/01/2014	2,500.00	-	2,500.00
9/01/2014	2,500.00	-	2,500.00
12/01/2014	2,500.00	-	2,500.00
3/01/2015	2,500.00	-	2,500.00
6/01/2015	2,500.00	-	2,500.00
9/01/2015	2,500.00	-	2,500.00
12/01/2015	2,500.00	-	2,500.00
3/01/2016	2,500.00	-	2,500.00
6/01/2016	2,500.00	-	2,500.00
9/01/2016	2,500.00	-	2,500.00
12/01/2016	2,500.00	-	2,500.00
3/01/2017	2,500.00	-	2,500.00
6/01/2017	2,500.00	-	2,500.00
9/01/2017	2,500.00	-	2,500.00
12/01/2017	2,500.00	-	2,500.00
3/01/2018	2,500.00	-	2,500.00
6/01/2018	2,500.00	-	2,500.00
9/01/2018	2,500.00	-	2,500.00
12/01/2018	2,500.00	-	2,500.00
3/01/2019	2,500.00	-	2,500.00
6/01/2019	2,500.00	-	2,500.00
<b>TOTAL</b>	200,000.00	-	200,000.00 *

\*Plus \$253 one-percent administrative fee paid quarterly.  
 Total administrative fee paid over the life of the loan  
 is \$20,240.

IC/WDA-1  
(July 1996)

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"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency");

HAMRICK PUBLIC SERVICE DISTRICT  
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, 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 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 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 the Act and having available sufficient funds therefor, the Council has authorized the Authority 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 money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's 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," "cost," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "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; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "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.

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

1.7 "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, all in accordance with the provisions of this Loan Agreement.

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

1.9 "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.

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

1.11 "System" means the 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.

1.12 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 Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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 or any interest therein is approved by the Authority and Council.

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 Council and 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 Council, 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 15th of each month to the Authority and Council.

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the 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;

(f) 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;

(g) 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;

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

(i) 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 Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(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, if any (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 Governmental Agency 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 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, if any, 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 Council and 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, based upon the rates, Operating Expenses and customer usage on the date of closing, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

(xiii) That for wastewater systems, 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 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 may not redeem any Local Bonds by it without the written consent of the Authority and the Council 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 State's general obligation bonds or any bonds secured by the Local 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) To the extent applicable, 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;

(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; and

(xxi) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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 and the Council.

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

## 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 Subsections 4.1(a) and 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 the Act and State law, including without limitation the right to an appointment of a receiver.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 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.

6.2 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.

6.3 Notwithstanding Section 6.2, 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.

6.4 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.

6.5 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 may be 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 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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 6.1 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, acting on behalf of the Council.

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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.

HAMRICK PUBLIC SERVICE DISTRICT

(SEAL)

By: Robert C. Summerfield  
Its: Chairman

Attest:

Date: 1-20-98

Judy Ann Carr  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyubarsky  
Director

Attest:

Date: 1/20/98

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 \_\_\_\_\_ 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) 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 B - 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 Infrastructure and  
Jobs Development Council  
c/o West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Ladies and 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 and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

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. [If required, 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

CHASFS3:58465

## SCHEDULE X

### DESCRIPTION OF BONDS

Principal Amount of Bonds	\$1,550,000
Purchase Price of Bonds	\$1,550,000

Principal and interest on the Bonds is payable quarterly, commencing September 1, 1999 to and including December 1, 2037, at a rate of 2% 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. The Bonds shall be issued on a parity with the Governmental Agency's Sewer Revenue Bonds, Series 1997 A, and Sewer Revenue Bonds Series 1998A (West Virginia State Revolving Fund program) issued simultaneously herewith.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

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 Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Quarterly Debt Service Schedule

Hamrick PSD				
\$1,550,000				
Infrastructure Fund Loan				
Term (Yrs.):	40	Loan Rate:	2.00%	
First Payment:	09/01/99	Final Payment:	12/1/37	
Date	#	Principal	Interest	Total
12/1/97		-	-	-
3/1/98		-	-	-
6/1/98		-	-	-
9/1/98		-	-	-
12/1/98		-	-	-
3/1/99		-	-	-
6/1/99		-	-	-
9/1/99	1	6,706.32	7,750.00	14,456.33
12/1/99	2	6,739.85	7,716.47	14,456.33
3/1/00	3	6,773.55	7,682.77	14,456.33
6/1/00	4	6,807.42	7,648.90	14,456.33
9/1/00	5	6,841.45	7,614.86	14,456.33
12/1/00	6	6,875.66	7,580.66	14,456.33
3/1/01	7	6,910.04	7,546.28	14,456.33
6/1/01	8	6,944.59	7,511.73	14,456.33
9/1/01	9	6,979.31	7,477.01	14,456.33
12/1/01	10	7,014.21	7,442.11	14,456.33
3/1/02	11	7,049.28	7,407.04	14,456.33
6/1/02	12	7,084.53	7,371.79	14,456.33
9/1/02	13	7,119.95	7,336.37	14,456.33
12/1/02	14	7,155.55	7,300.77	14,456.33
3/1/03	15	7,191.33	7,264.99	14,456.33
6/1/03	16	7,227.28	7,229.03	14,456.33
9/1/03	17	7,263.42	7,192.90	14,456.33
12/1/03	18	7,299.74	7,156.58	14,456.33
3/1/04	19	7,336.24	7,120.08	14,456.33
6/1/04	20	7,372.92	7,083.40	14,456.33
9/1/04	21	7,409.78	7,046.54	14,456.33
12/1/04	22	7,446.83	7,009.49	14,456.33
3/1/05	23	7,484.07	6,972.25	14,456.33
6/1/05	24	7,521.49	6,934.83	14,456.33
9/1/05	25	7,559.09	6,897.23	14,456.33
12/1/05	26	7,596.89	6,859.43	14,456.33
3/1/06	27	7,634.87	6,821.45	14,456.33
6/1/06	28	7,673.05	6,783.27	14,456.33
9/1/06	29	7,711.41	6,744.91	14,456.33
12/1/06	30	7,749.97	6,706.35	14,456.33

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/07	31	7,788.72	6,667.60	14,456.33
6/1/07	32	7,827.66	6,628.66	14,456.33
9/1/07	33	7,866.80	6,589.52	14,456.33
12/1/07	34	7,906.14	6,550.18	14,456.33
3/1/08	35	7,945.67	6,510.66	14,456.33
6/1/08	36	7,985.39	6,470.92	14,456.33
9/1/08	37	8,025.32	6,431.00	14,456.33
12/1/08	38	8,065.45	6,390.87	14,456.33
3/1/09	39	8,105.78	6,350.54	14,456.33
6/1/09	40	8,146.30	6,310.01	14,456.33
9/1/09	41	8,187.04	6,269.28	14,456.33
12/1/09	42	8,227.97	6,228.35	14,456.33
3/1/10	43	8,269.11	6,187.21	14,456.33
6/1/10	44	8,310.46	6,145.86	14,456.33
9/1/10	45	8,352.01	6,104.31	14,456.33
12/1/10	46	8,393.77	6,062.55	14,456.33
3/1/11	47	8,435.74	6,020.58	14,456.33
6/1/11	48	8,477.92	5,978.40	14,456.33
9/1/11	49	8,520.31	5,936.01	14,456.33
12/1/11	50	8,562.91	5,893.41	14,456.33
3/1/12	51	8,605.72	5,850.60	14,456.33
6/1/12	52	8,648.75	5,807.57	14,456.33
9/1/12	53	8,691.99	5,764.32	14,456.33
12/1/12	54	8,735.45	5,720.86	14,456.33
3/1/13	55	8,779.13	5,677.19	14,456.33
6/1/13	56	8,823.03	5,633.29	14,456.33
9/1/13	57	8,867.14	5,589.18	14,456.33
12/1/13	58	8,911.48	5,544.84	14,456.33
3/1/14	59	8,956.04	5,500.28	14,456.33
6/1/14	60	9,000.82	5,455.50	14,456.33
9/1/14	61	9,045.82	5,410.50	14,456.33
12/1/14	62	9,091.05	5,365.27	14,456.33
3/1/15	63	9,136.50	5,319.82	14,456.33
6/1/15	64	9,182.19	5,274.13	14,456.33
9/1/15	65	9,228.10	5,228.22	14,456.33
12/1/15	66	9,274.24	5,182.08	14,456.33
3/1/16	67	9,320.61	5,135.71	14,456.33
6/1/16	68	9,367.21	5,089.11	14,456.33
9/1/16	69	9,414.05	5,042.27	14,456.33
12/1/16	70	9,461.12	4,995.20	14,456.33
3/1/17	71	9,508.42	4,947.90	14,456.33
6/1/17	72	9,555.97	4,900.35	14,456.33
9/1/17	73	9,603.75	4,852.57	14,456.33
12/1/17	74	9,651.76	4,804.55	14,456.33
3/1/18	75	9,700.02	4,756.30	14,456.33

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/18	76	9,748.52	4,707.80	14,456.33
9/1/18	77	9,797.27	4,659.05	14,456.33
12/1/18	78	9,846.25	4,610.07	14,456.33
3/1/19	79	9,895.48	4,560.84	14,456.33
6/1/19	80	9,944.96	4,511.36	14,456.33
9/1/19	81	9,994.69	4,461.63	14,456.33
12/1/19	82	10,044.66	4,411.66	14,456.33
3/1/20	83	10,094.88	4,361.44	14,456.33
6/1/20	84	10,145.36	4,310.96	14,456.33
9/1/20	85	10,196.08	4,260.24	14,456.33
12/1/20	86	10,247.06	4,209.25	14,456.33
3/1/21	87	10,298.30	4,158.02	14,456.33
6/1/21	88	10,349.79	4,106.53	14,456.33
9/1/21	89	10,401.54	4,054.78	14,456.33
12/1/21	90	10,453.55	4,002.77	14,456.33
3/1/22	91	10,505.82	3,950.50	14,456.33
6/1/22	92	10,558.34	3,897.97	14,456.33
9/1/22	93	10,611.14	3,845.18	14,456.33
12/1/22	94	10,664.19	3,792.13	14,456.33
3/1/23	95	10,717.51	3,738.81	14,456.33
6/1/23	96	10,771.10	3,685.22	14,456.33
9/1/23	97	10,824.96	3,631.36	14,456.33
12/1/23	98	10,879.08	3,577.24	14,456.33
3/1/24	99	10,933.48	3,522.84	14,456.33
6/1/24	100	10,988.14	3,468.18	14,456.33
9/1/24	101	11,043.08	3,413.23	14,456.33
12/1/24	102	11,098.30	3,358.02	14,456.33
3/1/25	103	11,153.79	3,302.53	14,456.33
6/1/25	104	11,209.56	3,246.76	14,456.33
9/1/25	105	11,265.61	3,190.71	14,456.33
12/1/25	106	11,321.94	3,134.38	14,456.33
3/1/26	107	11,378.55	3,077.77	14,456.33
6/1/26	108	11,435.44	3,020.88	14,456.33
9/1/26	109	11,492.62	2,963.70	14,456.33
12/1/26	110	11,550.08	2,906.24	14,456.33
3/1/27	111	11,607.83	2,848.49	14,456.33
6/1/27	112	11,665.87	2,790.45	14,456.33
9/1/27	113	11,724.20	2,732.12	14,456.33
12/1/27	114	11,782.82	2,673.50	14,456.33
3/1/28	115	11,841.73	2,614.59	14,456.33
6/1/28	116	11,900.94	2,555.38	14,456.33
9/1/28	117	11,960.45	2,495.87	14,456.33
12/1/28	118	12,020.25	2,436.07	14,456.33

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/29	119	12,080.35	2,375.97	14,456.33
6/1/29	120	12,140.75	2,315.57	14,456.33
9/1/29	121	12,201.46	2,254.86	14,456.33
12/1/29	122	12,262.46	2,193.86	14,456.33
3/1/30	123	12,323.77	2,132.54	14,456.33
6/1/30	124	12,385.39	2,070.93	14,456.33
9/1/30	125	12,447.32	2,009.00	14,456.33
12/1/30	126	12,509.56	1,946.76	14,456.33
3/1/31	127	12,572.10	1,884.21	14,456.33
6/1/31	128	12,634.97	1,821.35	14,456.33
9/1/31	129	12,698.14	1,758.18	14,456.33
12/1/31	130	12,761.63	1,694.69	14,456.33
3/1/32	131	12,825.44	1,630.88	14,456.33
6/1/32	132	12,889.57	1,566.75	14,456.33
9/1/32	133	12,954.01	1,502.30	14,456.33
12/1/32	134	13,018.78	1,437.53	14,456.33
3/1/33	135	13,083.88	1,372.44	14,456.33
6/1/33	136	13,149.30	1,307.02	14,456.33
9/1/33	137	13,215.04	1,241.28	14,456.33
12/1/33	138	13,281.12	1,175.20	14,456.33
3/1/34	139	13,347.52	1,108.79	14,456.33
6/1/34	140	13,414.26	1,042.06	14,456.33
9/1/34	141	13,481.33	974.99	14,456.33
12/1/34	142	13,548.74	907.58	14,456.33
3/1/35	143	13,616.48	839.83	14,456.33
6/1/35	144	13,684.57	771.75	14,456.33
9/1/35	145	13,752.99	703.33	14,456.33
12/1/35	146	13,821.75	634.56	14,456.33
3/1/36	147	13,890.86	565.46	14,456.33
6/1/36	148	13,960.32	496.00	14,456.33
9/1/36	149	14,030.12	426.20	14,456.33
12/1/36	150	14,100.27	356.05	14,456.33
3/1/37	151	14,170.77	285.55	14,456.33
6/1/37	152	14,241.62	214.69	14,456.33
9/1/37	153	14,312.83	143.49	14,456.33
12/1/37	154	14,384.40	71.92	14,456.33
		1550000.00	676273.15	2226274.05

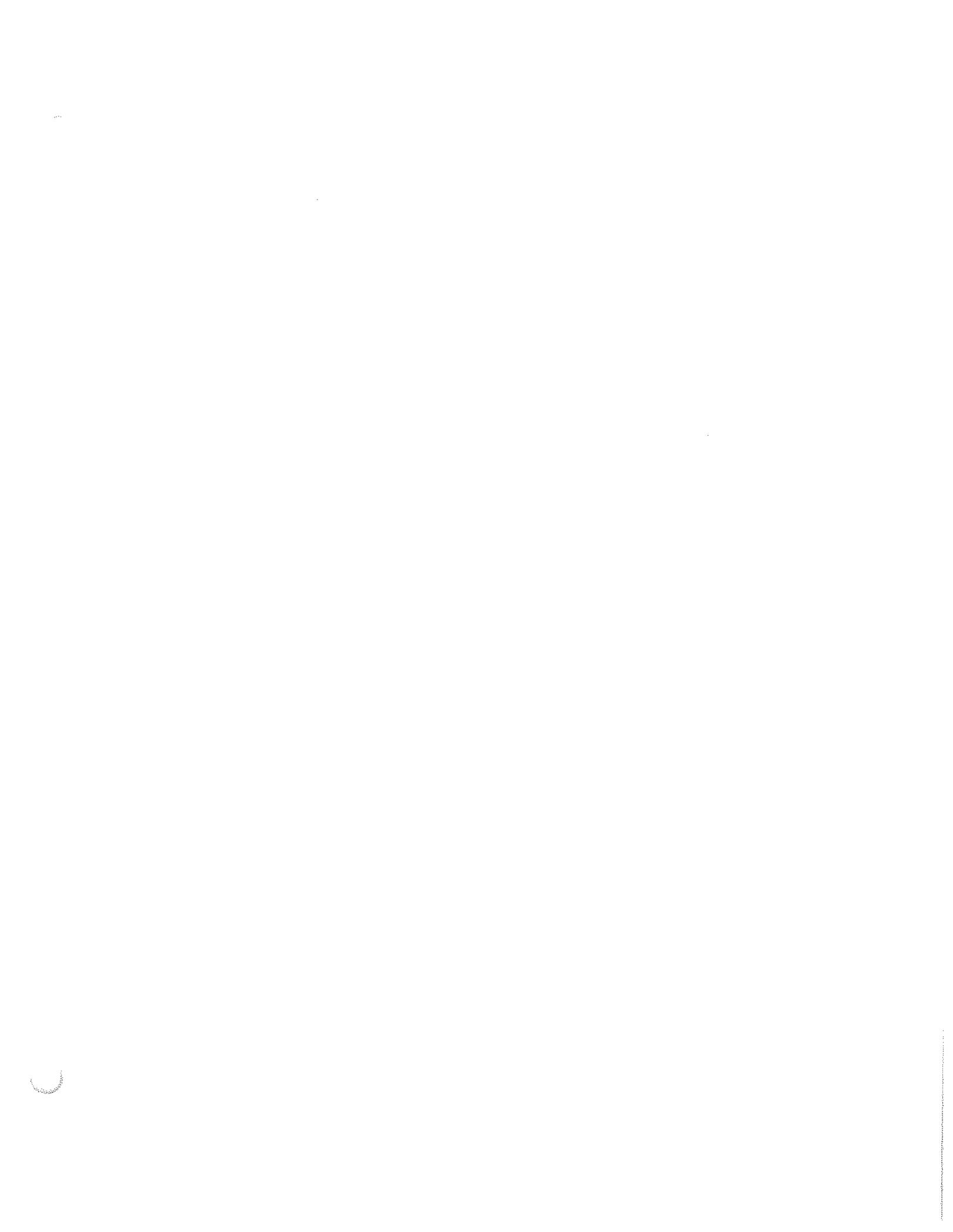
# Quarterly Debt Service Schedule

## Summary Statistics:

Average Annual Cost	\$22,546.14
Average Life	23.565
Average Interest Rate	1.9130%
Net Interest Cost (NIC)	1.8515%
True Interest Cost (TIC)	1.850754%
Tax Yield (I.R.C. Section 148)	1.850754%
All-in-Yield (AIC)	1.850754%

## Data for Form 8038:

	Line 19:	Line 20:
(a)	12/1/37	N/A
(b)	2.000%	N/A
(c)	\$14,384.40	\$1,550,000.00
(d)	\$14,384.40	\$1,550,000.00
(e)	N/A	23.565
(f)	N/A	1.850754%
(g)	N/A	1.8515%



RECEIVED

NOV 03 1997

Water Resources  
Construction Assistant

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: August 28, 1997

FINAL

9-17-97

CASE NO. 97-0261-PSD-CN

HAMRICK PUBLIC SERVICE DISTRICT,  
a public utility.

Application for a certificate of convenience  
and necessity to construct and operate a  
sanitary sewer collection system in Tucker  
County.

RECEIVED

SEP 19 1997

WATER & WASTEWATER DIVISION  
PUBLIC SERVICE COMMISSION

RECOMMENDED DECISION

On May 13, 1997, the Hamrick Public Service District (District) filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a wastewater collection system in Tucker County at Hendricks, Hambleton and Bretz. The project is estimated to cost \$3,000,000. The District proposes to finance the project with a Small Cities Block grant in the amount of \$1,250,000; a loan from the West Virginia Infrastructure Council (WVIC) in the amount of \$1,550,000; and a loan from the State Revolving Fund in the amount of \$200,000. The District proposed charging \$6.50 per 1,000 gallons with a minimum bill of \$19.50. A flat rate would be available for nonmetered customers of \$32.24. The District has requested expedited treatment. Along with the application, information was filed indicating that there is a rat infestation in the area involving Norway rats.<sup>1</sup>

On May 13, 1997, the Commission directed the District to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Tucker County. The Notice of Filing provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate, based upon its review of the evidence submitted with the application.

<sup>1</sup>The information indicated that an estimated 5,000 Norway rats are in the area. According to the information, Norway rats weigh between three and five pounds and are approximately 18 inches long. They reproduce every eight weeks. The area regularly engages in extermination projects. The raw sewage in open ditches in the area is a significant factor in the rat infestation problem.

On May 19, 1997, the Commission entered the Commission Referral Order in this proceeding. The Commission established a decision due date of on or before December 9, 1997.

On May 29, 1997, Staff filed its Initial Joint Staff Memorandum. Staff indicated that it would file a substantive recommendation at a later date.

By Procedural Order of June 2, 1997, the matter was set for hearing on July 18, 1997.

On June 16, 1997, the District returned an affidavit of publication indicating that the notice was published on May 21, 1997, in the Parsons Advocate, a newspaper published and of general circulation in Tucker County.

On June 16, 1997, the Commission received a petition signed by twenty-three (23) residents of 6th and 7th Streets in Hamblenton. The petition requested that the sewer line be installed down the alleyway between 6th and 7th Streets and not down the main streets as originally planned.

The hearing was held on July 18, 1997, as scheduled. Patrick A. Nichols, Esquire, appeared on behalf to the District. Cecelia G. Jarrell, Esquire, appeared on behalf of Staff.

Lester Bender offered public comment regarding the District's application. Mr. Bender circulated the petition regarding placing the sewer line in the alley between 6th and 7th Streets in Hamblenton. (Tr. 4). The customers' existing service laterals go to the alley. (Tr. 4). Mr. Bender owns four houses on 6th Street. (Tr. 9). The lots are small and it will be difficult to dig to put in new laterals to the main street. (Tr. 9). The alley is free from gas and water lines whereas the main street is full of such lines. (Tr. 10-11). However, moving the line from the main street to the alley would deprive the people on the other side of the main street of sewer service. (Tr. 13). What Mr. Bender is really requesting is an additional line down the alley. (Tr. 13).

Mr. Bender also expressed concern that the District was planning to place a line in the middle of a certain parcel of land he bought near the old Hamrick school. (Tr. 4-5). Mr. Bender indicated that he would give the District a right-of-way to go on the edge of the property. (Tr. 6). He also indicated that he was building two houses on the property which would also be served by the District if the line was moved. (Tr. 6).

Mr. Bender also expressed general opposition to the sewer system. (Tr. 18). His concern was that it would raise costs for people on fixed income. (Tr. 18). He suggested that all wages at the District be frozen until its rates are reduced. (Tr. 18).

The District stipulated to the Staff Exhibit Number 1. The District raised a concern with tap fees. (Tr. 21). The District had a sister project where it was allowed to waive the \$250 tap fee because the customers were going to have to install service laterals. (Tr. 21-22). The District also submitted its plan regarding how to inspect existing laterals which customers may want to use. (District Ex. #1).

Kenneth B. Moran, the project engineer, described the proposed project a gravity collection system for Bretz, Hambleton and Hendricks which would transfer sewage to Parsons for treatment. (Tr. 24). There are no existing treatment facilities in the area. (Tr. 24). Some 330 customers are without adequate sewage treatment which presents a public health hazard. (Tr. 24). The current collection systems for Hambleton and Hendricks dump untreated sewage directly into the Black Fork and Dry Fork Rivers. (Tr. 25).

The proposed collection system is for 48,130 feet of 12", 8", 6" and 4" line, 180 manholes and four pump stations. (Tr. 25). The project includes some necessary improvements to the Parsons treatment plant. (Tr. 25). Improving the Parson treatment plant so that it is able to accept the additional sewage is cheaper than building a separate treatment facility. (Tr. 28). Parsons and the District have entered into an intergovernmental agreement related to treating the sewage. (Tr. 26). The agreement is essentially the same as the agreement the District has with Parsons for the Blackwood Heights project which has already been approved by the Commission and is under construction. (Tr. 26).

The project is estimated to cost approximately \$3,000,000. (Tr. 28). The engineers are confident that the project bids will come in close to the actual construction cost estimate. (Tr. 28). The Department of Environmental Protection has reviewed and approved the project plans. (Tr. 29).

Mr. Moran testified that to run parallel lines up the alley between 6th and 7th Streets would be more expensive. (Tr. 31). It would cost an additional \$26,075.50. (Post Hearing Ex. 1). It would not enable the District to serve any additional customers over its current plans. (Tr. 35). Mr. Moran suggested that an additional line could be placed if the bids came in lower than expected which would leave additional money available. (Tr. 32-33). One problem with running the additional line down the alley would be that people on other streets in Hendricks and Hambleton may have the same request. (Tr. 33).

The District is considering moving the line as requested by Mr. Bender on the property near the old school. (Tr. 34). To move the line would add about 300 feet, but would enable the District to pick up an additional customer. (Tr. 34).

The District's attempt at inspecting the existing laterals relates to an effort to prevent inflow and infiltration. (Tr. 37). The District will pay Parsons for treatment based on a master meter. (Tr. 37). It will charge its customers based on water meter readings, so it is essential to ensure that existing service laterals are in good shape. (Tr. 37-38). Mr. Moran testified that the proposed guidelines for inspecting laterals are in the best interest of the District and its customers. (Tr. 38).

The District has not examined beyond the project boundaries to see if it can economically reach additional customers if bids come in below what is expected. (Tr. 39).

June Ann Carr is the office manager for the District. (Tr. 41). The proposed guidelines for inspecting existing laterals call for the laterals

be opened at the house, at the middle of the line and where they attach the existing sewer system. (Tr. 42). The guidelines require an air test check for leaks. (Tr. 42). The District's only proposed modification to the Staff recommendation relates to tap fees and the lateral issue. (Tr. 45). Ms. Carr has video film of the Norway rat infestation in the area. (Tr. 46). The existing situation is a public health concern. (Tr. 46). Some of the old collection lines are exposed and raw sewage runs in ditches. (Tr. 47).

Michael W. McNulty, technical analyst for the Staff, reviewed the application from an engineering viewpoint. (Tr. 48). William A. Nelson, a utility analyst, reviewed the financial end of the project. (Tr. 62-63). David Dove, an engineer, reviewed the hydraulics of the system as well as the overall layout of the plans. (Tr. 65). The District has already obtained Commission approval for the construction of the Blackman Flats sewer project and for associated rates. (Tr. 49). Staff believed that the District should have a unified tariff. (Tr. 51). It accordingly recommended that the proposed rates for the current project be the same as the rates approved for the Blackman Flats project. (Tr. 51). Staff reduced proposed operation and maintenance expenses by \$4,300 which enabled uniform rates. (Tr. 51). Staff also reduced the proposed tap fee from \$350 to \$250 which also was in line with the Blackman Flats tap fee. (Tr. 52).

The project has received significant Small Cities Block Grant funding. (Tr. 53). To receive the funding, there must be a demonstration that the majority of the proposed customers are low to moderate income. (Tr. 53). Connections for customers will be provided at the main line during construction, meaning that the District will not have significant out-of-pocket expenses associated with taps during construction. (Tr. 54). Not collecting the \$250 tap fee results in the loss of \$82,000. (Tr. 54). Staff believes that there is sufficient funding with the proposed grants and loans to cover the \$82,000 which would be lost by waiving tap fees. (Tr. 55).

Staff agrees with the District's stand on adding a parallel line for the alley between 6th and 7th Streets in Hambleton. (Tr. 56). However, if bids come in low and excess funds are available, Staff has no objection to the District constructing the line. (Tr. 56). Typically projects receive the loan money first and then the grant money, so if excess funds exist, the grant is reduced. (Tr. 57).

#### DISCUSSION

The evidence clearly demonstrates that the public convenience and necessity require the proposed project. The current system dumps untreated sewage directly into the Black Fork and Dry Fork Rivers. The infestation of Norway Rats in the area is indicative of the public health problems created in Tucker County because of inadequate sewage treatment. The proposed project will enable the project area to come into compliance with state and federal environmental laws.

Staff has proposed a slight modification to the proposed rates. The Staff modification would allow the rates for the current project to be the

same as the rates which have been approved for the District for its Blackman Heights sewer customers. The District has no objection to the modification in the proposed rates. The modification should be adopted and the District should be permitted to charge the new customers served by this project the same rates as approved by the Commission for Blackman Heights.<sup>2</sup>

The District requests permission to waive the tap fee for customers who tap onto the system while it is under construction. The District had Commission permission to waive tap fees for its recent Blackman Heights project. Staff, at hearing, indicated that it did not oppose the proposed waiver. Staff indicated that the District would not have significant out-of-pocket expenses related to taps while the line was under construction. Staff believed that the loss of revenue for the District would not present a problem.

Mr. Lester Bender and other residents along 6th and 7th Streets in Hambleton requested that a line be laid in the alley between the two streets. The request was made because the residents have existing laterals which run to the alley. The lots are small and it will be difficult to lay new laterals to the main street. The problem is that the additional line will cost the District an estimated \$26,075.50 without allowing the District to serve a single additional customer. The District is unable simply to move the line because then customers along the other side of the main street would be denied service. Both the District and Staff oppose the placement of the additional line. The District suggested that, if the project would come in under the estimate, it would consider the additional line. Staff did not oppose the District suggestion to consider the additional line if the project bids came in below the estimates.

The District should not be required to lay the additional line. The additional line would cost the District a significant amount of money without adding any additional customers. Others in Hambleton, Bretz and Hendricks will undoubtedly have to move service laterals because of the new system. It would be difficult for the District to justify laying the additional line for the residents of 6th and 7th Streets, but refuse to lay additional lines for other residents similarly situated. If the project comes in less than estimated, creating additional monies, the District should first carefully consider the entire project area to determine whether any additional lines could be laid which would serve additional customers. If no additional customers may be served, then the District would be free to consider the request of the residents of 6th and 7th Streets.

Mr. Bender also raised concerns about the location of the proposed line across certain property which Mr. Bender owns at the old Hamrick School. The District indicated at hearing that it would consider Mr. Bender's request to relocate the line. The relocation would allow the District to serve additional customers as well as to accommodate Mr. Bender. The District and

<sup>2</sup>The slight reduction in rates should not provide a financial problem for the District. Staff believes that the amount estimated by the District for billing and collection was overstated by \$4,300, which provides sufficient revenue to cover the reduction in rates.

Mr. Bender seem to be able to work out an agreement concerning the line across this property. The District had not been made aware of the problem with the Hamrick School property until the hearing.

#### FINDINGS OF FACT

1. On May 13, 1997, the Hamrick Public Service District filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a wastewater collection system in Tucker County at Hendricks, Hambleton and Bretz. (See application).
2. The project is estimated to cost \$3,000,000. (See application, Tr.).
3. The District proposes to finance the project with a Small Cities Block grant in the amount of \$1,250,000; a loan from the West Virginia Infrastructure Council in the amount of \$1,550,000; and a loan from the State Revolving Fund in the amount of \$200,000. (See application).
4. There is a rat infestation in the area involving Norway rats. (See application, Tr. 28, 46).
5. On May 13, 1997, the Commission directed the District to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Tucker County. (See May 13, 1997 Commission Order).
6. On June 16, 1997, the District returned an appropriate affidavit of publication indicating that the notice was published on May 21, 1997, in the Parsons Advocate, a newspaper published and of general circulation in Tucker County. (See affidavit).
7. On June 16, 1997, the Commission received a petition signed by twenty-three (23) residents of 6th and 7th Streets in Hambleton, requesting that the sewer line be installed down the alleyway between 6th and 7th Streets and not down the main streets as originally planned. (See petition).
8. The customers on 6th and 7th Streets in Hambleton have existing service laterals which go to the alley. (Tr. 4).
9. To move the line from the main street to the alley would deprive the people on the other side of the main street sewer service, so, in practical terms, what is being requested by Mr. Bender and others is an additional line down the alley. (Tr. 13).
10. Mr. Bender also expressed concern that the District was planning to place a line in the middle of a certain parcel of land he bought near the old Hamrick school. He is building two houses on the old Hamrick school property which would also be served by the District if the line was moved. (Tr. 4-6).

11. The District had a sister project (Blackwell Flats) where it was allowed to waive the \$250 tap fee because the customers were going to have to install service laterals. (Tr. 21-22).

12. The proposed project is a gravity collection system for Bretz, Hambleton and Hendricks which would transfer sewage to Parsons for treatment. There are no existing treatment facilities in the project area. (Tr. 24).

13. Some 330 customers are without adequate sewage treatment which presents a public health hazard. The current collection systems for Hambleton and Hendricks dump untreated sewage directly into the Black Fork and Dry Fork Rivers. Some of the existing collection lines are exposed and raw sewage runs to ditches. (Tr. 24-25, 47).

14. The proposed collection system is for 48,130 feet of 12", 8", 6" and 4" line, 180 manholes and four pump stations. The project also includes some necessary improvements to the Parsons treatment plant so that it is able to accept the additional sewage. (Tr. 25, 27-28).

15. Improving the Parson's treatment plant is cheaper than building a separate treatment facility. (Tr. 28).

16. Parsons and the District have entered into an intergovernmental agreement related to treating the sewage, which is essentially the same as the agreement the District has with Parsons for the Blackwood Heights project.

17. To run parallel lines up the alley between 6th and 7th Streets would cost approximately an additional \$26,075.50 and would not enable the District to serve any additional customers over its current plans. (Post Hearing Ex. 1; Tr. 35).

18. The District has not examined beyond the project boundaries to see if it can economically reach additional customers if bids come in below what is expected. (Tr. 39).

19. The District is considering moving the line as requested by Mr. Bender on the property near the old school which would add about 300 feet but would enable the District to pick up an additional customer. (Tr. 34).

20. The District accepted the Staff recommendation that the District should have a unified tariff. (Tr. 51; See District Brief).

21. Connections for customers will be provided at the main line during construction, meaning that the District will not have significant out-of-pocket expenses associated with taps during construction. (Tr. 54).

22. Not collecting the \$250 tap fee results in the loss of \$82,000, but there is sufficient funding with the proposed grants and loans to cover the \$82,000 which would be lost by waiving tap fees. (Tr. 54-55).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The District's application for a certificate of convenience and necessity should be granted.
4. The District should be required to seek Commission approval if the scope of the project or the proposed financing should change.
5. The District should be authorized to charge the same rates and charges for the new customers served by this project as approved by the Commission for the District's other sewer customers (the Blackman Heights project).
6. The District should be permitted to waive the proposed tap fee for all customers of the project who hook on during construction.
7. The District should not be required to lay an additional line in the alley between 6th and 7th Streets in Hambleton.
8. If the bids come in below the estimate, the District should be required to first carefully consider the entire project area to determine if additional customers can be served by using the additional revenue before considering the request to lay the additional line between 6th and 7th Streets in Hambleton.
9. Mr. Bender and the District should be left to work out the location of the line on the old Hamrick School property.

ORDER

IT IS, THEREFORE, ORDERED that the Hamrick Public Service District's application filed on May 13, 1997, for a certificate of convenience and necessity to construct a wastewater collection system in Tucker County be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing of the project, consisting of a Small Cities Block grant in the amount of \$1,250,000; a loan from the West Virginia Infrastructure Council in the amount of \$1,550,000; and a loan from the State Revolving Fund in the amount of \$200,000, be, and hereby is approved.

IT IS FURTHER ORDERED that, if the scope of the project or the financing is modified, the District is hereby required to seek Commission approval before commencing construction.

IT IS FURTHER ORDERED that the District is hereby authorized to charge the same rates and charges for the project customers as the District is currently authorized to charge its other sewer customers.

IT IS FURTHER ORDERED that the District's request to waive the tap fee for customers who connect to the system during construction, be, and hereby is granted.

IT IS FURTHER ORDERED that, if the bids come in below the estimate, the District shall carefully consider the entire project area to determine if any additional customers can be served with the additional revenue before considering laying an additional line in the alleyway between 6th and 7th Street in Hambleton.

The Executive Secretary hereby is ordered to serve a copy of this order upon the Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested. The Executive Secretary shall also send a copy of the recommended decision to David L. Roberts, Box 66, Center Street, Hambleton, WV, and to Lester Bender, General Delivery, Hambleton, WV, by regular first class United States Mail.

Leave hereby is 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 the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the 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 Executive 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.

*K. A. George*

Keith A. George  
Administrative Law Judge

KAG:s

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

FINAL

Entered: May 30, 1996

6-19-96

CASE NO. 94-0751-PSD-CN

HAMRICK PUBLIC SERVICE DISTRICT, a public utility, Hambleton, Tucker County.

Application for a certificate of convenience and necessity to construct and maintain a wastewater service line in the Blackman Flats Area at Rt. #1, Hambleton, Tucker County, and for approval of financing and rates and charges incidental thereto.

RECOMMENDED DECISION

On January 29, 1996, the Hamrick Public Service District (District) filed with the Public Service Commission an application for a certificate of convenience and necessity. The District is proposing to construct facilities to provide sewage service to the Blackman Heights area of Tucker County and to the new Tucker Valley Middle School which opened in August 1995. Currently, the school is using a package treatment plant which was approved by the Division of Environmental Protection for an interim period until the subject project can be completed. Included with the filing was a Rule 42 Exhibit which included proposed sewer rates for the District's customers.

Hamrick Public Service District proposes to construct approximately 12,600 linear feet of 8-inch PVC SDR pipe ; 1,170 linear feet of 6-inch line PVC SDR; 210 linear feet of 4-inch dip force main (class 52) pipe; 120 linear feet of 4-inch dip bolt lock RJ force main (class 52) pipe; and 3,700 linear feet of 4-inch PVC-SDR pipe.

Hamrick Public Service District estimates that the construction will cost approximately \$1,185,538, and proposes to finance said project as follows:

Community Development Block Grant	\$750,000
State Revolving Loan	435,538

By Notice of Filing Order entered on January 29, 1996, the District was directed to give notice of its application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County. If no public protest is timely filed in response to the published notice, the Commission is authorized to render a decision without a hearing, by virtue of the provisions of West Virginia Code §24-2-11.

On February 5, 1996, the Public Service Commission issued a Referral Order in this matter, referring this case to the Division of Administrative Law Judges for a decision to be rendered on or before August 26, 1996.

On February 15, 1996, Hamrick Public Service District filed an affidavit of publication indicating that publication was made of the Notice of Filing on February 7, 1996, in The Parsons Advocate. No protests were filed in response to the published notice.

On February 15, 1996, Hamrick Public Service District filed an agreement between it and the City of Parsons.

On February 28, 1996, the Commission received a letter from Mike Johnson, P.E., Office of Water Resources, Division of Environmental Protection, which indicates that the State Revolving Fund intends to loan to the District an amount not to exceed \$435,538, at 1% for 20 years.

On May 10, 1996, Susan J. Riggs, Staff Attorney, filed an Initial and Final Joint Staff Memorandum in this proceeding. Attached to that Memorandum was a Final Internal Staff Memorandum from Robert L. Skiles, Jr. P.E., Utility Engineer, and James W. Boggess, Jr., Utilities Analyst. According to the Staff Engineer, the project has not yet been bid. Construction of the project is estimated to cost \$850,393.22, which is believed to be a reasonable estimate therefor. The total project cost is estimated to be approximately \$1,161,536.75. For 81 customers, this cost equates to \$14,340 per customer. This is regarded by Technical Staff as a high, but not unusual, per customer investment for the provision of sewer service. A breakdown of construction and project costs was provided as Exhibits A and B accompanying the District's response to Staff's First Request for Information.

There is an existing wastewater collection and treatment system which serves the Blackman Heights Subdivision. According to Staff, the collection system is of improper construction and does not meet Bureau of Public Health standards. Wastewater from the subdivision is discharged into a three cell stabilization pond for treatment. The pond is in a deteriorated condition and does not provide proper treatment. The entire sewer collection and treatment system has been cited by the Bureau of Public Health for numerous deficiencies and is the subject of Civil Action No. 83 C-31 in the Circuit Court of Tucker County. The proposed project, therefore, is necessary to eliminate these deficiencies by providing a new collection system and subsequent pumping of the sewage to the City of Parsons for treatment. Further, the project is needed to provide service to the Tucker County Middle School and eliminate an existing package treatment plant currently serving the school. Technical Staff does not take issue with project necessity or the collection and treatment alternative chosen.

Operation and maintenance expenses, as presented in the District's Rule 42 Exhibit, are estimated to be \$23,045 annually. Technical Staff has reviewed the Annual Reports for the City of Parsons (FYE 6/30/95), and the District (FYE 6/30/95), to determine the relative accuracy of the estimated expenses. Staff's review of these documents, along with engineering estimates found in the June 1994 Facility Plan Amendment Update, lead to the conclusion that expenses have been overestimated. Technical Staff has

developed its own estimate of these expenses, and consequently believes that \$17,783 annually is a reasonably accurate figure.

Included within Technical Staff's estimate of operation and maintenance expenses is the cost of purchasing treatment from the City of Parsons. In this regard, the cost is based upon estimated annual wastewater flow from the District multiplied by a calculated charge per 1,000 gallons. The charge per 1,000 gallons is comprised of two components which consider allocation of the City's existing debt in addition to the City's estimated increase in operation and maintenance expenses associated with transporting and treating the District's wastewater flow. The resultant purchased treatment rate of \$0.55 per 1,000 gallons is believed to be just and reasonable for the service provided.

One area of concern to Staff is existing service connections and services. The residents of the project area already receive sewage collection and treatment services, but not from a duly certificated and regulated public utility. It is Staff's understanding that they have never paid for this service, monthly or otherwise, nor have they paid a tap fee. The condition of their service laterals is unknown. In view thereof, Staff recommends that the customers be required to install new service laterals from their dwellings to their property lines, according to specifications provided by the District. Quite simply, they would be treated as if they were customers of a new sewer system. The only exception is that Staff does not recommend that the customers be charged a tap fee. The District's responsibility for installation of service laterals will be from the main to the property line, which costs are already included in the construction budget.

Plans and specifications are on file for the proposed project. With respect to these documents, Technical Staff notes that the plans contain two (2) conflicts with the Commission's Sewer Rules. Both conflicts are found on sheet number 8 of the plan drawings and involve 6-inch diameter service laterals. These laterals both cross intervening pieces of property to reach the property they serve. This is in conflict with Sewer Rule 5.4.5, which states the following:

Service pipes servicing a premise shall not pass through or across any premises or property to be serviced nor across any portion of the property that could practicably be sold separately from the immediate premise serviced and no pipes or plumbing in any premises shall be extended therefrom to adjacent or other premises.

The two service laterals in question, one of which services the new Middle School, must be redesigned as mains. Further, they must be owned, operated and maintained by the District. According to Staff, the Commission should order correction of these two rule conflicts. No other conflicts with the Commission's rule and regulations were evident.

Technical Staff has reviewed the agreement for wastewater treatment between the City of Parsons and the District. Said agreement contains language stating that the City's wastewater treatment plant and

transportation system have adequate design capacity to handle the District's flows and that the City agrees to reserve an adequate portion of that capacity for use by the District. Total amount of wastewater flow discharged into the City's collection system is limited to a flow rate of 92 gallons per minute and is not to exceed a total of 50,000 gallons per day. Infiltration and inflow within the District's newly constructed collection system is intended to be limited to zero (0) gallons of inflow and two hundred (200) gallons per inch diameter per mile of pipe per day with respect to infiltration. While Staff does not disagree with the intent of the inflow and infiltration limitation, according to Staff, the agreement's language is incorrect. Further, there appears to be stray language concerning pretreatment and industrial waste.

With further respect to the agreement, there is language requiring the District to pay the City for the additional operation and maintenance expenses incurred for flows exceeding the 50,000 gallon limitation. Flows from the District will be measured by a flow meter at the point of discharge into the City's collection system, but charges will be based upon the District's total metered water consumption. If treatment is based upon a charge per 1,000 gallons for the total of water meter readings from the District, there could be a situation where the total flow from the water meter readings is less than 50,000 gallons, but the actual measured wastewater flow exceeds 50,000 gallons because of infiltration in the District's system. How the "additional" operation and maintenance expenses will be determined is not clear. Also, this requirement seems to conflict with section 7 of the agreement, which does not allow the limitation to be exceeded.

The agreement, on page 5 and within section 3, sets forth a requirement that the District "justify the difference or have the flow meter recalibrated", if the flow meter readings do not coincide with monthly metered readings of the District's customers. According to Staff, this requirement does not make sense. Very seldom, if at all, will the two readings ever coincide. Not necessarily all of the metered water usage enters the sewer system, especially during dry weather. If the system were 100% tight during dry weather, with no infiltration or inflow, the sewage flow meter could read lower than the water meter readings. Conversely, as the collection system ages and infiltration takes on greater significance, the flow meter readings could be higher than the water meter readings. Also, the meter inaccuracies are not accounted for. Staff recommends this paragraph be stricken from the agreement.

While Technical Staff both appreciates and understands the City's concerns with respect to additional and/or excessive flows entering its system, as well as the need to be compensated for the effects such flows may have upon the system, Staff feels that the agreement, as written is contradictory, burdensome and unacceptable. The sewage flow meter should be used for purposes of comparison only, and not as the basis for any charges. If and when flows become excessive, the City has a right to reevaluate charges to the District and enact new ones without Commission intervention, except upon appeal (Code §§24-2-3 and 24-2-4b). The District has appeal rights with the Commission.

Currently, the SRP loan amount will result in a funding excess. However, it is likely that that loan amount will be adjusted once the

construction bid is accepted. Mike Johnson indicated that there is some \$49,000,000 available and the District could request additional funds in the event of a funding deficit after the bid is let on the project. On the other hand, the loan amount could be reduced, if the bids are low. If the awarded SRF loan renders the project overfunded, the District must seek approval of the Commission for expenditure of the excess. On the other hand, if the project bid necessitates additional borrowing beyond the SRF commitment of \$435,538, the District must petition the Commission to reopen this certificate to adjust the cash requirements for the project.

The terms of the SRF loan are \$431,538 to be loaned at a 1½ fixed rate of interest for 20 years. The Division of Environmental Protection has confirmed its intention of funding the loan by letter dated February 23, 1996, signed by Mike Johnson, P.E., Assistance Chief, Construction Assistance. The annual principal and interest payment will be approximately \$24,135. The District's Rule 42 included an annual bond reserve payment of \$2,413, which is 10% of the annual debt service principal and interest. However, the estimated project cost includes a prefunded reserve in the amount of \$17,600. Placed in an interest-bearing, restricted account at 3.5% rate of interest, the future value of \$17,600 will fully fund the reserve in approximately nine years. Therefore, Staff has remedied the redundancy in the reserve funding by eliminating \$2,414 from the project's cash flow. Staff has added a renewal and replacement of \$1,156, which is 2.5% of Staff's estimated annual revenues of \$46,246. The cash surplus from yearly operations is estimated to be \$2,473. The debt coverage is approximately 115.04%. No utility additions have been included in the cash flow.

Staff recommends the following:

1. Hamrick Public Service District be granted a certificate of convenience and necessity to construct this project, contingent upon the filing of a revised agreement with Parsons;
2. Approve the SRF loan not to exceed \$435,538, at 1½ fixed rate for a period of twenty years;
3. Approve the Staff-recommended rates and the Staff-recommended level of operation and maintenance expenses;
4. Prohibit the Town of Parsons from basing any charges to the District upon the sewage flow meter readings;
5. The District petition the Commission to reopen this certificate case in the event the project's awarded construction bids are greater than or less the commitment of SRF lending of \$438,538 for the purpose of revising the cash flow analysis for the project; and
6. In the event the total funding for the project results in a surplus of funds received by the District, the District be ordered to petition the Commission for approval of expenditure of the surplus.

The Staff Attorney also recommended that the proposed sewage treatment agreement be revised and the Staff Attorney provided revised pages of the agreement incorporating the changes. The Staff Attorney also noted that the agreement does not include the rate to be charged by Parsons for sewage treatment. Therefore, Parsons will have to enact a municipal rate ordinance adopting the Staff-recommended rate of \$0.55 per 1,000 gallons.

The Initial and Final Joint Staff Memorandum and attachments filed on May 10, 1996, were served upon counsel for the District by letter dated May 10, 1996, providing the District with seven (7) days in which to respond. As of the date of this order, no response or objection to any Staff Recommendation has been filed.

#### FINDINGS OF FACT

1. On January 29, 1996, the Hamrick Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity. (See, application).
2. Hamrick Public Service District provided public notice of its application. (See, affidavit of publication filed February 15, 1996).
3. The thirty-day protest period expired on March 8, 1996, with no protests having been filed in response to the published notice. (See, case file generally).
4. The District proposes to finance the project through a Community Development Grant in the amount of \$750,000, and a State Revolving Fund loan in the amount of \$435,538. (See, Final Joint Staff Memorandum filed May 10, 1996).
5. The proposed project will serve customers currently served by an inadequate, uncertificated system which doesn't meet Bureau of Public Health standards, as well as the new Tucker County Middle School. (See, Final Joint Staff Memorandum and attachments filed May 10, 1996).
6. Staff recommended an increase over present rates. (See, Initial and Final Joint Staff Memorandum filed May 10, 1996).
7. Staff is of the opinion that the project is in the public interest, is adequately funded and should be approved. (See, Initial and Final Joint Staff Memorandum filed May 10, 1996).

#### CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project will provide adequate service.
3. The proposed project is adequately financed by a Community Development Grant in the amount of \$750,000, and a State Revolving Fund loan in the amount of \$435,538.

4. Hamrick Public Service District has provided adequate and proper notice to the public of the proposed project.

5. The issuance of this certificate of convenience and necessity shall be for the project as proposed. Any substantial changes in the scope of the project and/or funding after the granting of the certificate will require further approval from the Public Service Commission.

#### ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Hamrick Public Service District to construct and maintain wastewater facilities to serve the Blackman Heights area of Tucker County and the Tucker Valley Middle School. This recommended approval is contingent upon the District filing a modified agreement within the City of Parsons incorporating the Staff recommendations as proposed in its Initial and Final Joint Staff Memorandum filed on May 10, 1996. This modified agreement must be received by the Commission on or before June 14, 1996.

IT IS FURTHER ORDERED that the proposed financing, consisting of a Community Development Grant in the amount of \$750,000 and a State Revolving Fund loan in the amount of \$435,538, be approved.

IT IS FURTHER ORDERED that the rates and charges recommended by Commission Staff in its Initial and Final Joint Staff Memorandum filed on May 10, 1996, be, and they hereby are, approved, to become effective for the customers served by this project for all service rendered on and after the date that this project is placed into service. The District shall file a notice of the actual in-service date of the project when the project becomes operational. The District shall file a revised tariff setting forth the rates and charges approved herein within ten (10) days of the date that this order becomes final. The approved rates and charges are attached hereto as Appendix A.

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.

*Miles C. Cary*  
Miles C. Cary  
Administrative Law Judge

MCC:pst

**HAMRICK PUBLIC SERVICE DISTRICT  
STAFF RECOMMENDED TARIFF  
CASE NO. 94-0751-PSD-CN****Staff Recommended Tariff**

---

**Applicability**

---

Applicable in the entire territory served

**Availability of Service**

---

Available for general domestic, commercial and industrial service

**Metered Rates**

---

Per thousand gallons used per month      \$6.35

**Minimum Charge**

---

No bill will be rendered for less than 2,000 gallons used (\$12.70)

**Unmetered Rate for Domestic Use Only**

---

Based on 4,960 gallons      \$31.49

**Delayed Payment Penalty**

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

**New Service Connection Charge      \$250**

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**Water Reconnection Fee**

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Whenever water service has been previously disconnected or withheld for non-payment of sewer bills is reconnected, a fee of \$20.00 shall be charged.





STATE OF WEST VIRGINIA  
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE  
DUNBAR, WV 25064  
Telephone (304) 558-3612  
Telecopier (304) 558-0299

July 22, 1996

Kenneth P. Moran, P. E.  
Thrasher Engineering, Inc.  
P.O. Box 1532  
Clarksburg, WV 26302

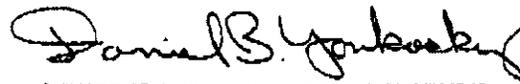
PRELIMINARY APPLICATION - HAMRICK PSD - HAMBLETON/HENDRICKS SEWER  
PROJECT

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the preliminary application for the above-referenced project and has determined that the project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. (See attached Sewer Assessment Committee comments.)

The Council recommends that the Hamrick Public Service District (District) pursue loan funding of approximately \$200,000 from the State Revolving Fund, Division of Environmental Protection, and a Small Cities Block Grant of \$1,250,000. The District may be eligible for Infrastructure Fund assistance for approximately \$1,550,000, and the Council's decision is being deferred pending final determination of the project's eligibility and readiness to proceed. Please note that this letter does not constitute funding approval by these agencies.

Please immediately notify the Council upon the District's receipt of either a commitment or denial of funding from the above-referenced conventional funding sources. Upon such notification, the Council will review the District's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. Such determination will be based in part upon the District's readiness to proceed with the project.

If you have any questions, please contact Susan J. Riggs, Executive Secretary of the Council, at (304) 558-3612.

  
for RUSSELL L. ISAACS, CHAIRMAN  
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

cc: J. Michael Johnson, P.E.  
Fred Cutlip



**HAMRICK PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)**

**CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS**

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Hamrick Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 20th day of January, 1998, the Authority received the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), of the Issuer (the "Series 1998 A Bonds"), in the principal amount of \$200,000, numbered AR-1, and the Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer (the "Series 1998 B Bonds"), in the principal amount of \$1,550,000, numbered BR-1, both issued as a single, fully registered Bond, and both dated January 20, 1998.

2. At the time of such receipt, all the Series 1998 A Bonds and the Series 1998 B Bonds had been executed by the Chairman and the 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 1998 A Bonds, of \$15,000, being a portion of the principal amount of the Series 1998 A Bonds. The balance of the principal amount of the Series 1998 A 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.

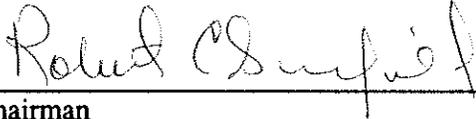
4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1998 B Bonds, of \$118,193, being a portion of the principal amount of the Series 1998 B Bonds. The balance of the principal amount of the Series 1998 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 20th day of January, 1998.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
\_\_\_\_\_  
Authorized Representative

HAMRICK PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman

01/13/98  
373420/96001



**HAMRICK PUBLIC SERVICE DISTRICT**

Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

**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 Hamrick Public Service District Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), in the principal amount of \$200,000 (the "Series 1998 A Bonds"), and Bond No. BR-1, constituting the entire original issue of Hamrick Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the principal amount of \$1,550,000 (the "Series 1998 B Bonds"), both dated January 20, 1998 (collectively, the "Bonds"), executed by the Chairman and Secretary of Hamrick 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 January 12, 1998, and a Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (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 1998 A Bonds, dated December 9, 1997, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Environmental Protection, and a loan agreement for the Series 1998 B Bonds, dated January 20, 1998, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (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 1998 A Bonds to the Authority upon payment to the Issuer of the sum of \$15,000, representing a portion of the principal amount of the Series 1998 A Bonds. You are also hereby requested and authorized to deliver the Series 1998 B Bonds to the Authority upon payment to the Issuer of the sum of \$118,193, representing a portion of the principal amount of the Series 1998 B 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 20th day of January, 1998.

HAMRICK PUBLIC SERVICE DISTRICT



Chairman

01/13/98  
373420/96001



(SPECIMEN SERIES 1998 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAMRICK PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1998 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$200,000

KNOW ALL MEN BY THESE PRESENTS: That HAMRICK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Tucker 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 THOUSAND DOLLARS (\$200,000), 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 September 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, as set forth on said EXHIBIT B.

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 the West Virginia Department of Environmental Protection (the "DEP"), 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 DEP, dated December 9, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing 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 existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on January 12, 1998, and a Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$280,159 (THE "PRIOR BONDS"), AND (2) SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 20, 1998, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,550,000 (THE "SERIES 1998 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 1998 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 1998 B Bonds; provided however, that so long as there exists in the Series 1998 A 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 on a parity with the Bonds, including the Prior Bonds

and the Series 1998 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to 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 at the issuance of this Bond do exist, 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, HAMRICK 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 20, 1998.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 1998 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: January 20, 1998.

**ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar**

---

Authorized Officer

**EXHIBIT A**  
**RECORD OF ADVANCES**

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$15,000	1-20-98	(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	
<b>TOTAL</b>				\$	<u>                    </u>

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Hamrick Public Service District, West Virginia \$200,000.00 SRF Loan 20 Years, 0% Interest Rate, 1% Admin. Fee			
DEBT SERVICE SCHEDULE			
Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	2,500.00	-	2,500.00
12/01/1999	2,500.00	-	2,500.00
3/01/2000	2,500.00	-	2,500.00
6/01/2000	2,500.00	-	2,500.00
9/01/2000	2,500.00	-	2,500.00
12/01/2000	2,500.00	-	2,500.00
3/01/2001	2,500.00	-	2,500.00
6/01/2001	2,500.00	-	2,500.00
9/01/2001	2,500.00	-	2,500.00
12/01/2001	2,500.00	-	2,500.00
3/01/2002	2,500.00	-	2,500.00
6/01/2002	2,500.00	-	2,500.00
9/01/2002	2,500.00	-	2,500.00
12/01/2002	2,500.00	-	2,500.00
3/01/2003	2,500.00	-	2,500.00
6/01/2003	2,500.00	-	2,500.00
9/01/2003	2,500.00	-	2,500.00
12/01/2003	2,500.00	-	2,500.00
3/01/2004	2,500.00	-	2,500.00
6/01/2004	2,500.00	-	2,500.00
9/01/2004	2,500.00	-	2,500.00
12/01/2004	2,500.00	-	2,500.00
3/01/2005	2,500.00	-	2,500.00
6/01/2005	2,500.00	-	2,500.00
9/01/2005	2,500.00	-	2,500.00
12/01/2005	2,500.00	-	2,500.00
3/01/2006	2,500.00	-	2,500.00
6/01/2006	2,500.00	-	2,500.00
9/01/2006	2,500.00	-	2,500.00
12/01/2006	2,500.00	-	2,500.00
3/01/2007	2,500.00	-	2,500.00
6/01/2007	2,500.00	-	2,500.00
9/01/2007	2,500.00	-	2,500.00
12/01/2007	2,500.00	-	2,500.00
3/01/2008	2,500.00	-	2,500.00
6/01/2008	2,500.00	-	2,500.00
9/01/2008	2,500.00	-	2,500.00
12/01/2008	2,500.00	-	2,500.00
3/01/2009	2,500.00	-	2,500.00
6/01/2009	2,500.00	-	2,500.00
9/01/2009	2,500.00	-	2,500.00
12/01/2009	2,500.00	-	2,500.00
3/01/2010	2,500.00	-	2,500.00
6/01/2010	2,500.00	-	2,500.00

Hamrick Public Service District, West Virginia  
 \$200,000.00 SRF Loan  
 20 Years, 0% Interest Rate, 1% Admin. Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2010	2,500.00	-	2,500.00
12/01/2010	2,500.00	-	2,500.00
3/01/2011	2,500.00	-	2,500.00
6/01/2011	2,500.00	-	2,500.00
9/01/2011	2,500.00	-	2,500.00
12/01/2011	2,500.00	-	2,500.00
3/01/2012	2,500.00	-	2,500.00
6/01/2012	2,500.00	-	2,500.00
9/01/2012	2,500.00	-	2,500.00
12/01/2012	2,500.00	-	2,500.00
3/01/2013	2,500.00	-	2,500.00
6/01/2013	2,500.00	-	2,500.00
9/01/2013	2,500.00	-	2,500.00
12/01/2013	2,500.00	-	2,500.00
3/01/2014	2,500.00	-	2,500.00
6/01/2014	2,500.00	-	2,500.00
9/01/2014	2,500.00	-	2,500.00
12/01/2014	2,500.00	-	2,500.00
3/01/2015	2,500.00	-	2,500.00
6/01/2015	2,500.00	-	2,500.00
9/01/2015	2,500.00	-	2,500.00
12/01/2015	2,500.00	-	2,500.00
3/01/2016	2,500.00	-	2,500.00
6/01/2016	2,500.00	-	2,500.00
9/01/2016	2,500.00	-	2,500.00
12/01/2016	2,500.00	-	2,500.00
3/01/2017	2,500.00	-	2,500.00
6/01/2017	2,500.00	-	2,500.00
9/01/2017	2,500.00	-	2,500.00
12/01/2017	2,500.00	-	2,500.00
3/01/2018	2,500.00	-	2,500.00
6/01/2018	2,500.00	-	2,500.00
9/01/2018	2,500.00	-	2,500.00
12/01/2018	2,500.00	-	2,500.00
3/01/2019	2,500.00	-	2,500.00
6/01/2019	2,500.00	-	2,500.00
<b>TOTAL</b>	200,000.00	-	200,000.00 *

\*Plus \$253 one-percent administrative fee paid quarterly.  
 Total administrative fee paid over the life of the loan  
 is \$20,240.

**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 1998 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAMRICK PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1998 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$1,550,000

KNOW ALL MEN BY THESE PRESENTS: That HAMRICK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Tucker County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$1,550,000), 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 September 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, 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"). 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated January 20, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing 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 existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on January 12, 1998, and a Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

**THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$280,159 (THE "PRIOR BONDS"), AND (2) SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 20, 1998, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "SERIES 1998 A BONDS").**

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 1998 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 1998 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 on a parity with the Bonds, including the Prior Bonds and the Series 1998 A Bonds; provided however, that so long as there exists in the Series 1998 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 on a parity with the Bonds, including the Prior Bonds and the Series 1998 A 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 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 at the issuance of this Bond do exist, 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, HAMRICK 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 20, 1998.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 1998 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 20, 1998.

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)	\$118.193	1-20-98	(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	

TOTAL                    \$ \_\_\_\_\_

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

<p><b>Term (Yrs.): 40</b>      <b>Loan Rate: 2.00%</b></p> <p><b>First Payment: 09/01/99</b>      <b>Final Payment: 12/1/37</b></p>				
<b>Date</b>	<b>#</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
12/1/97	0	0.00	0.00	0.00
3/1/98	0	0.00	0.00	0.00
6/1/98	0	0.00	0.00	0.00
9/1/98	0	0.00	0.00	0.00
12/1/98	0	0.00	0.00	0.00
3/1/99	0	0.00	0.00	0.00
6/1/99	0	0.00	0.00	0.00
9/1/99	1	6708.32	7750.00	14458.33
12/1/99	2	6739.85	7716.47	14456.32
3/1/00	3	6773.55	7682.77	14456.33
6/1/00	4	6807.42	7648.90	14456.32
9/1/00	5	6841.45	7614.86	14456.33
12/1/00	6	6875.66	7580.86	14456.32
3/1/01	7	6910.04	7546.28	14456.33
6/1/01	8	6944.59	7511.73	14456.32
9/1/01	9	6979.31	7477.01	14456.33
12/1/01	10	7014.21	7442.11	14456.32
3/1/02	11	7049.28	7407.04	14456.33
6/1/02	12	7084.53	7371.79	14456.32
9/1/02	13	7119.95	7336.37	14456.33
12/1/02	14	7155.55	7300.77	14456.32
3/1/03	15	7191.33	7264.99	14456.33
6/1/03	16	7227.28	7229.03	14456.32
9/1/03	17	7263.42	7192.90	14456.33
12/1/03	18	7299.74	7156.58	14456.32
3/1/04	19	7336.24	7120.08	14456.33
6/1/04	20	7372.92	7083.40	14456.32
9/1/04	21	7409.78	7046.54	14456.33
12/1/04	22	7446.83	7009.49	14456.32
3/1/05	23	7484.07	6972.25	14456.33
6/1/05	24	7521.49	6934.83	14456.32
9/1/05	25	7559.09	6897.23	14456.33
12/1/05	26	7596.89	6859.43	14456.32
3/1/06	27	7634.87	6821.45	14456.33
6/1/06	28	7673.05	6783.27	14456.32
9/1/06	29	7711.41	6744.91	14456.33
12/1/06	30	7749.97	6706.35	14456.32
3/1/07	31	7788.72	6667.60	14456.33
6/1/07	32	7827.66	6628.66	14456.32
9/1/07	33	7866.80	6589.52	14456.33
12/1/07	34	7906.14	6550.18	14456.32
3/1/08	35	7945.67	6510.65	14456.33
6/1/08	36	7985.39	6470.92	14456.32
9/1/08	37	8025.32	6431.00	14456.33
12/1/08	38	8065.45	6390.87	14456.32

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/09	39	8105.78	6350.54	14456.33
6/1/09	40	8146.30	6310.01	14456.32
9/1/09	41	8187.04	6269.28	14456.33
12/1/09	42	8227.97	6228.35	14456.32
3/1/10	43	8269.11	6187.21	14456.33
6/1/10	44	8310.46	6145.86	14456.32
9/1/10	45	8352.01	6104.31	14456.33
12/1/10	46	8393.77	6062.55	14456.32
3/1/11	47	8435.74	6020.58	14456.33
6/1/11	48	8477.92	5978.40	14456.32
9/1/11	49	8520.31	5936.01	14456.33
12/1/11	50	8562.91	5893.41	14456.32
3/1/12	51	8605.72	5850.60	14456.33
6/1/12	52	8648.75	5807.57	14456.32
9/1/12	53	8691.99	5764.32	14456.33
12/1/12	54	8735.45	5720.86	14456.32
3/1/13	55	8779.13	5677.19	14456.33
6/1/13	56	8823.03	5633.29	14456.32
9/1/13	57	8867.14	5589.18	14456.33
12/1/13	58	8911.48	5544.84	14456.32
3/1/14	59	8956.04	5500.28	14456.33
6/1/14	60	9000.82	5455.50	14456.32
9/1/14	61	9045.82	5410.50	14456.33
12/1/14	62	9091.05	5365.27	14456.32
3/1/15	63	9136.50	5319.82	14456.33
6/1/15	64	9182.19	5274.13	14456.32
9/1/15	65	9228.10	5228.22	14456.33
12/1/15	66	9274.24	5182.08	14456.32
3/1/16	67	9320.61	5135.71	14456.33
6/1/16	68	9367.21	5089.11	14456.32
9/1/16	69	9414.05	5042.27	14456.33
12/1/16	70	9461.12	4995.20	14456.32
3/1/17	71	9508.42	4947.90	14456.33
6/1/17	72	9555.97	4900.35	14456.32
9/1/17	73	9603.75	4852.57	14456.33
12/1/17	74	9651.76	4804.55	14456.32
3/1/18	75	9700.02	4756.30	14456.33
6/1/18	76	9748.52	4707.80	14456.32
9/1/18	77	9797.27	4659.05	14456.33
12/1/18	78	9846.25	4610.07	14456.32
3/1/19	79	9895.48	4560.84	14456.33
6/1/19	80	9944.96	4511.36	14456.32
9/1/19	81	9994.69	4461.63	14456.33
12/1/19	82	10044.66	4411.66	14456.32
3/1/20	83	10094.88	4361.44	14456.33
6/1/20	84	10145.36	4310.96	14456.32
9/1/20	85	10196.08	4260.24	14456.33
12/1/20	86	10247.06	4209.25	14456.32
3/1/21	87	10298.30	4158.02	14456.33
6/1/21	88	10349.79	4106.53	14456.32
9/1/21	89	10401.54	4054.78	14456.33
12/1/21	90	10453.55	4002.77	14456.32
3/1/22	91	10505.82	3950.50	14456.33
6/1/22	92	10558.34	3897.97	14456.32

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
9/1/22	93	10611.14	3845.18	14458.33
12/1/22	94	10664.19	3792.13	14458.32
3/1/23	95	10717.51	3738.81	14458.33
6/1/23	96	10771.10	3685.22	14458.32
9/1/23	97	10824.96	3631.36	14458.33
12/1/23	98	10879.08	3577.24	14458.32
3/1/24	99	10933.48	3522.84	14458.33
6/1/24	100	10988.14	3468.18	14458.32
9/1/24	101	11043.08	3413.23	14458.33
12/1/24	102	11098.30	3358.02	14458.32
3/1/25	103	11153.79	3302.53	14458.33
6/1/25	104	11209.56	3246.76	14458.32
9/1/25	105	11265.61	3190.71	14458.33
12/1/25	106	11321.94	3134.38	14458.32
3/1/26	107	11378.55	3077.77	14458.33
6/1/26	108	11435.44	3020.88	14458.32
9/1/26	109	11492.62	2963.70	14458.33
12/1/26	110	11550.08	2906.24	14458.32
3/1/27	111	11607.83	2848.49	14458.33
6/1/27	112	11665.87	2790.45	14458.32
9/1/27	113	11724.20	2732.12	14458.33
12/1/27	114	11782.82	2673.50	14458.32
3/1/28	115	11841.73	2614.59	14458.33
6/1/28	116	11900.94	2555.38	14458.32
9/1/28	117	11960.45	2495.87	14458.33
12/1/28	118	12020.25	2436.07	14458.32
3/1/29	119	12080.35	2375.97	14458.33
6/1/29	120	12140.75	2315.57	14458.32
9/1/29	121	12201.46	2254.86	14458.33
12/1/29	122	12262.46	2193.86	14458.32
3/1/30	123	12323.77	2132.54	14458.33
6/1/30	124	12385.39	2070.93	14458.32
9/1/30	125	12447.32	2009.00	14458.33
12/1/30	126	12509.58	1946.78	14458.32
3/1/31	127	12572.10	1884.21	14458.33
6/1/31	128	12634.97	1821.35	14458.32
9/1/31	129	12698.14	1758.18	14458.33
12/1/31	130	12761.63	1694.69	14458.32
3/1/32	131	12825.44	1630.88	14458.33
6/1/32	132	12889.57	1566.75	14458.32
9/1/32	133	12954.01	1502.30	14458.33
12/1/32	134	13018.78	1437.63	14458.32
3/1/33	135	13083.88	1372.44	14458.33
6/1/33	136	13149.30	1307.02	14458.32
9/1/33	137	13215.04	1241.28	14458.33
12/1/33	138	13281.12	1175.20	14458.32
3/1/34	139	13347.52	1108.79	14458.33
6/1/34	140	13414.26	1042.06	14458.32
9/1/34	141	13481.33	974.99	14458.33
12/1/34	142	13548.74	907.58	14458.32
3/1/35	143	13616.48	839.83	14458.33
6/1/35	144	13684.57	771.75	14458.32
9/1/35	145	13752.99	703.33	14458.33
12/1/35	146	13821.75	634.56	14458.32

## Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/36	147	13890.86	585.46	14456.33
6/1/36	148	13960.32	496.00	14456.32
9/1/36	149	14030.12	426.20	14456.33
12/1/36	150	14100.27	358.05	14456.32
3/1/37	151	14170.77	285.55	14456.33
6/1/37	152	14241.62	214.69	14456.32
9/1/37	153	14312.83	143.49	14456.33
12/1/37	154	14384.40	71.92	14456.32
		1550000.00	676273.15	2226274.05

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint  
\_\_\_\_\_, Attorney to transfer the said Bond  
on the books kept for registration of the within Bond of the said Issuer with full power of  
substitution in the premises.

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

\_\_\_\_\_

In the presence of:

\_\_\_\_\_



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

January 20, 1998

Hamrick Public Service District  
Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program)

BANK ONE CENTER, SEVENTH FLOOR  
P. O. BOX 1888  
CHARLESTON, W. VA. 25326-1888  
(304) 383-8000  
FACSIMILE (304) 383-8180

1000 HAMPTON CENTER  
P. O. BOX 1818  
MORGANTOWN, W. VA. 26507-1818  
(304) 598-8000  
FACSIMILE (304) 598-8118

128 EAST BURKE STREET  
P. O. BOX 2828  
MARTINSBURG, W. VA. 25402-2828  
(304) 263-6981  
FACSIMILE (304) 263-4788

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 728-1414  
FACSIMILE (304) 728-1913

RILEY BUILDING, FOURTH FLOOR  
14TH AND CHAPLINE STREETS  
P. O. BOX 180  
WHEELING, W. VA. 26006-0080  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK  
200 STAR AVENUE, SUITE 220  
P. O. BOX 628  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6483  
FACSIMILE (304) 422-8482

WRITER'S DIRECT DIAL NUMBER

Hamrick Public Service District  
Hambleton, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hamrick 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 \$200,000 Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated December 9, 1997, 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 only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending June 1, 2019, 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 certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 12, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (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. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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 by the Issuer 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 1997 A (West Virginia SRF Program), dated February 11, 1997, issued in the original aggregate principal amount of \$280,159, and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), issued concurrently herewith in the original aggregate principal amount of \$1,550,000, all in accordance with the terms of the Bonds and the Bond Legislation.

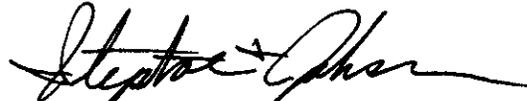
5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes, therefore, the interest, if any, on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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,



STEPTOE & JOHNSON

12/19/97  
373420/96001



# STEPHENS & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

January 20, 1998

Hamrick Public Service District  
Sewer Revenue Bonds,  
Series 1998 B (West Virginia Infrastructure Fund)

104 WEST CONGRESS STREET  
P. O. BOX 100  
CHARLES TOWN, W. VA. 25414-0100  
(304) 725-414  
FACSIMILE (304) 725-1913

RILEY BUILDING, FOURTH FLOOR  
14TH AND CHAPLINE STREETS  
P. O. BOX 180  
WHEELING, W. VA. 26003-0080  
(304) 233-0000  
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK  
200 STAR AVENUE, SUITE 220  
P. O. BOX 628  
PARKERSBURG, W. VA. 26102-0628  
(304) 422-6483  
FACSIMILE (304) 422-6482

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SEVENTH FLOOR  
P. O. BOX 1588  
CHARLESTON, W. VA. 25326-1588  
(304) 353-8000  
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER  
P. O. BOX 1818  
MORGANTOWN, W. VA. 26507-1818  
(304) 598-8000  
FACSIMILE (304) 598-8118

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25402-2629  
(304) 263-8991  
FACSIMILE (304) 263-4788

Hamrick Public Service District  
Hambleton, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Hamrick 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 \$1,550,000 Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), 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 January 20, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1999, and ending December 1, 2037, 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the

existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 12, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (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. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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 the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

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 1997 A (West Virginia SRF Program), dated February 11, 1998, issued in the original aggregate principal amount of \$280,159, and Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of \$200,000, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from 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 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,



STEPHENS & JOHNSON

12/19/97  
373420/96001



# NICHOLS & NICHOLS

J. PAT NICHOLS  
PAT A. NICHOLS

ATTORNEYS AT LAW  
P. O. BOX 201  
PARSONS, WEST VIRGINIA 26287

TELEPHONE  
(304) 478-2127

FAX  
(304) 478-2128

January 20, 1998

Hamrick Public Service District  
Sewer Revenue Bonds  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

Hamrick Public Service District  
Hambleton, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Steptoe & Johnson  
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to Hamrick Public Service District, a Public Service District, in Tucker 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 1998 A Bonds dated December 9, 1997, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP"), a loan agreement for the Series 1998 B Bonds dated January 20, 1998, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"), the Bond Resolution duly adopted by the Issuer on January 12, 1998, as supplemented by the Supplemental Resolution duly adopted by the Issuer on January 12, 1998 (collectively, the "Bond Legislation"), orders of The County Commission of Hamrick 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 fully 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, 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 acquisition and construction of the Project, 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

RE: Hamrick Public Service District, et al.  
Page 3

orders, certificates and approvals from The County Commission of Tucker County, the West Virginia Infrastructure and Jobs Development Council 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 Issuer has received the Final Order of the Public Service Commission of West Virginia entered on August 28, 1997, in Case No. 970261-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal.

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.

Very truly yours,

  
Pat A. Nichols

PAN:cw



## TITLE OPINION

## CERTIFICATE OF PROJECT SITE ACQUISITIONS

I, Pat A. Nichols, Attorney at Law, represents the Hamrick Public Service District, as title Counsel, do hereby certify:

1. That I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites (including easements and/or right-of-ways) being provided by the Hamrick Public Service District for all of the water pollution control facilities identified under Project No. C-544206.

2. That I have examined the deed records of the county or counties in which such project is to be located and, in my opinion, the Hamrick Public Service District has, or will have prior to the awarding of construction contracts, a legal and valid fee simple title of such other estate or interest in the necessary site components for the project, including easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities, or

3. That the Hamrick Public Service District will initiate formal condemnation proceedings to acquire the necessary site components for the project to assure undisturbed use and maintenance for the purpose of construction, operation, and maintenance for the estimated life of the facilities. Where formal condemnation proceedings are necessary to acquire the sites I have explained on the attached pages the activities that have taken place up to this date with regard to the condemnation proceedings as well as attached a schedule of activities for completing the proceedings prior to the award of construction contracts. (See Exhibit "A")

4. That in the acquisition of the property rights above there is no prohibition by the E.P.A., State or other Federal Agency requirements at the present time.

5. That any deeds or documents required to be recorded in order to protect the title of the owner and interest of the Hamrick Public Service District have or will be duly recorded and filed for record wherever necessary, or in the case where condemnation proceedings are necessary, such deeds or documents necessary will be recorded prior award of construction contracts.

6. That all necessary permits as may be required by governing authorities have been or will be acquired without delay to the construction.

-2-

Dated this the 28<sup>th</sup> day of October, 1997.



\_\_\_\_\_  
PAT A. NICHOLS  
ATTORNEY AT LAW  
BOX 201  
PARSONS, WEST VIRGINIA 26287

.....

ATTACHMENT

The remaining parcels will be presented to the Circuit Court of Tucker County, West Virginia in November 1997 for a right-of-entry. There is no anticipated problem.



**HAMRICK PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)**

**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. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. GRANTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Hamrick Public Service District in Tucker County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and Series 1998 B (West Virginia Infrastructure Fund), both 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 Bond Resolution of the Issuer duly adopted January 12, 1998, and the Supplemental Resolution duly adopted January 12, 1998 (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 outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1997 A (West Virginia SRF Program), dated February 11, 1997, issued in the original aggregate principal amount of \$280,159 (the "Prior Bonds").

The Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, 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:

**Bond Resolution**

**Supplemental Resolution**

**SRF Loan Agreement**

**IFC Loan Agreement**

**Public Service Commission Orders**

**Infrastructure and Jobs Development Council Approval**

**County Commission Orders Creating District**

**County Commission Orders Appointing Current Boardmembers**

**Oaths of Office of Current Boardmembers**

**Rules of Procedure**

**Affidavit of Publication on Borrowing**

**Minutes of Current Year Organizational Meeting**

**Minutes on Adoption of Bond Resolution and Supplemental Resolution**

**NPDES Permit**

**Evidence of Small Cities Block Grant and Governor's Contingency Fund Grant**

**1997 Bond Resolution and Supplemental Resolution**

**Consent of Holder of 1997 Bond**

**Sewage Treatment Agreement with City of Parsons**

**6. INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Hamrick Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Tucker 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>
Robert Summerfield	January, 1996	December, 2001
Betty VanMeter Michael	October, 1995	December, 1999
James Suesli	January, 1998	December, 2003

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 1998 are as follows:

Chairman	-	Robert Summerfield
Secretary-Treasurer	-	June Ann Carr

The duly appointed and acting counsel to the Issuer is Nichols & Nichols, in Parons, 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.

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 August 28, 1997, in Case No. 97-0261-PSD-CN, 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 such rates and charges will become effective upon completion of the Project.

12. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on August 28, 1997, in Case No. 97-0261-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order 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 and BR-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 her 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 \$15,000 from the Authority and the DEP, being a portion of the principal amount of the Series 1998 A Bonds. On the date hereof, the Issuer also received \$118,193 from the Authority and the Council, being a portion of the principal amount of the Series 1998 B Bonds. The balance of the principal amount of the 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. **SPECIMEN BONDS:** Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. **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.

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

19. **GRANTS:** As of the date hereof, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$1,250,000, and the grant from the Governor's Contingency Fund in the amount of \$70,000 are committed and in full force and effect.

WITNESS our signatures and the official seal of the HAMRICK PUBLIC SERVICE DISTRICT on this 20th day of January, 1998.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Robert C. Sumner

Chairman

June Ann Carr

Secretary

P. J. Nichols

Counsel to Issuer

01/05/98  
373420/96001



**HAMRICK PUBLIC SERVICE DISTRICT**

Sewer Revenue Bonds, Series 1998 B  
(West Virginia Infrastructure Fund)

**CERTIFICATE AS TO ARBITRAGE**

The undersigned Chairman of the Public Service Board of Hamrick Public Service District, in Tucker County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,550,000 aggregate principal amount of Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, dated January 20, 1998 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and 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 January 12, 1998 (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 January 20, 1998, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of

a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on January 20, 1998, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated January 20, 1998, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$1,550,000 (100% of par value), at which time, the Issuer received \$118,193 from the Authority and the Council, being more than a de minimus amount of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. On the date hereof, the Issuer also sold its Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), bearing no interest, to the Authority for an aggregate principal amount of \$200,000 (100% of par value), there being no accrued interest paid thereon (the "Series 1998 A Bonds").

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of \$100,000 for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. The acquisition and construction of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before June, 1999, except as otherwise required for rebate to the United States under Section 148(f) of the Code. The acquisition and construction of the Project is expected to be completed by June, 1999.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$3,070,000. Sources and uses of funds for the Project are as follows:

**SOURCES**

Gross Proceeds of Series 1998 A Bonds	\$ 200,000
Gross Proceeds of Series 1998 B Bonds	1,550,000
Small Cities Block Grant	1,250,000
Governor's Contingency Fund Grant	<u>70,000</u>
 Total Sources	 <u>\$3,070,000</u>

**USES**

Acquisition and Construction of Project	\$3,055,000
Capitalized Interest	-0-
Funded Reserve Account	-0-
Costs of Issuance	<u>15,000</u>
Total Uses	<u>\$3,070,000</u>

The amount of the costs of the Project is estimated to be at least equal to the grants stated above and the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grants 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 (or continued pursuant to the Prior Resolution):

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution);
- (3) Series 1998 A Bonds Construction Trust Fund; and
- (4) Series 1998 B Bonds Construction Trust Fund.
- (5) Series 1997 A Bonds Sinking Fund (established by the Prior Resolution);

(6) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account (established by the Prior Resolution);

(7) Series 1998 A Bonds Sinking Fund;

(8) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account;

(9) Series 1998 B Bonds Sinking Fund; and

(10) Within the Series 1998 B Bonds Sinking Fund, the Series 1998 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of \$-0- will be deposited in the Series 1998 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of \$-0- will be deposited in the Series 1998 B Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 1998 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Series 1998 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. 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 Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 1998 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds, and will not be available to meet costs of the Project. All investment earnings on moneys in the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 1998 B

Bonds Project Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1998 B Bonds Sinking Fund and the Series 1998 B Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1998 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1998 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest, if any, on the Bonds, and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1998 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1998 B Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. Within 1 day of the date of delivery of the Bonds, the Issuer shall enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 18 months of the date hereof.

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

17. With the exception of the amount deposited in the Series 1998 B Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the

Series 1998 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 6 months from the date of issuance thereof.

18. The Series 1998 B Bonds Sinking Fund (other than the Series 1998 B Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1998 B Bonds Sinking Fund (other than the Series 1998 B Bonds Reserve Account therein) will be depleted at least once a year, except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1998 B Bonds Sinking Fund (other than the Series 1998 B Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1998 B Bonds Sinking Fund for payment of the principal of or interest, if any, on the Bonds (other than the Series 1998 B 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 1998 B Bonds Sinking Fund (other than in the Series 1998 B Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

22. 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.

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

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

the interest, if any, on the Bonds is excluded from gross income for federal income tax purposes.

25. 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.

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

27. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest, if any, on the Bonds from the gross income for federal income tax purposes.

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

29. The Issuer has either (a) funded the Series 1998 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1998 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1998 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1998 B Bonds Reserve Account and the Series 1998 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

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

32. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code

necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest, if any, 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.

33. 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.

34. 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.

35. 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.

36. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

37. 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.

38. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

39. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

40. 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.

41. 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, if any, on the Bonds.

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

WITNESS my signature on this 20th day of January, 1998.

HAMRICK PUBLIC SERVICE DISTRICT



Chairman

01/06/98  
373420/96001



HAMRICK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478 of Thrasher Engineering, Inc., in Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage facilities (the "System") of Hamrick Public Service District (the "Issuer") to be constructed primarily in Tucker 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 Bond Resolution adopted by the Issuer on January 12, 1998, the Loan Agreement for the Series 1998 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated December 9, 1997, and the Loan Agreement for the Series 1998 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated January 20, 1998.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the respective applications submitted to the DEP, the Council 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 20th day of January, 1998.

THRASHER ENGINEERING, INC.

(SEAL)



H. Wood Thrasher, P.E.

West Virginia License No. 9478

12/19/97  
373420/96001

NAME OF GOVERNMENTAL AGENCY: Hamrick PSD

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

A. Cost of Project

1. Construction	\$	<u>2,460,525.55</u>	
2. Technical Services	\$	<u>389,468.00</u>	
3. Legal and Fiscal	\$	<u>20,000.00</u>	
4. Administrative	\$	<u>35,000.00</u>	
* 5. Site and Other Lands	\$	<u>30,000.00</u>	
** 5. Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$	<u>0.00</u>	
7. Interim Financing Costs	\$	<u>0.00</u>	
8. Contingency	\$	<u>120,006.45</u>	
9. Total of Lines 1 Through 8			\$ <u>3,055,000.00</u>

B. Sources of Funds

10. Federal Grants: <sup>1</sup> (Specify Sources) _____	\$	<u>                    </u>	
11. State Grants: <sup>1</sup> (Specify Sources) <u>SCBG</u>	\$	<u>1,250,000.00</u>	
12. Other Grants: <sup>1</sup> (Specify Sources) _____	\$	<u>                    </u>	
13. Any Other Source <sup>2</sup> (Specify) <u>Govn. Contingency</u> <u>WV IJDC Loan</u>	\$	<u>70,000.00</u> <u>1,550,000.00</u>	
14. Total of Lines 10 Through 13			\$ <u>2,870,000.00</u>
15. Net Proceeds Required from Bond Issue (Line 9 minus Line 14)			\$ <u>185,000.00</u>

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	\$	<u>                    </u>	
17. Funded Reserve Account. <sup>3</sup>	\$	<u>15,000.00</u>	
18. Other Costs: <sup>4</sup>	\$	<u>                    </u>	
19. Total Cost of Financing (lines 16 - 18)	\$	<u>15,000.00</u>	
20. Size of Bond Issue (Line 15 plus Line 19)			\$ <u>200,000.00</u>

\* not allowable for State Revolving Fund Assistance

\*\* WDA loans are not allowable

Robert C. ...  
Signature of Applicant

David P. ...  
Signature of Consulting Engineer

1-6-98

Date 1/6/98

**WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL**

**SCHEDULE B**

Harrick Public Service Sewer District

Hambleton Hendricks Wastewater Project 96S-221

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

	Total	SCBG	SRF	Gov. Fund Grant	WDC Loan
<b>A. Cost of Project</b>					
1 Construction (Based on Actual Bids)	2,460,525.55	1,215,000.00	185,000.00	0.00	1,060,525.55
2 Technical Services	389,468.00			70,000.00	319,468.00
3 Legal & Fiscal	20,000.00				20,000.00
4 Administrative	35,000.00	35,000.00			
5 Sites and Other Loans	30,000.00				30,000.00
6 Step I or II Other Loan Repayment					
7 Interim Financing Costs					
8 Contingency	120,006.45				120,006.45
9 Total of Lines 1 through 8	3,055,000.00	1,250,000.00	185,000.00	70,000.00	1,550,000.00
<b>B. Sources of Funds</b>					
10 Federal Grants					
a.					
b.					
11 State Grants					
a. SCBG	1,250,000.00				
b. Governor's Fund	70,000.00				
12 Other Grants:					
13 Any Other Source: (1)					
a SRF	200,000.00				
b					
14 Infrastructure Fund Grant					
15 Total of Lines 10 through 14	1,520,000.00				
16 Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	1,535,000.00				
<b>C. Cost of Financing</b>					
17 Funded Reserve Account (2)					
18 Other Costs (3) Bond Counsel	15,000.00		15,000.00		
a					
b					
19 Total Cost of Financing (Lines 17 and 18)	15,000.00	0.00	15,000.00	0.00	0.00
20 Size of Bond Issue (Line 16 plus Line 19)	1,550,000.00	0.00	200,000.00	0.00	1,550,000.00

*Robert D. ...*  
 GOVERNMENTAL AGENCY

*... P. ...*  
 CONSULTING ENGINEER

Date: 1-6-98

Date: 1/6/98

- (1) Include the proceeds of any primary or subordinate bond issue to be used for such purpose and attach supporting documentation.
- (2) Consult with bond counsel and the Council before assuming a funded reserve.
- (3) For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.



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

January 20, 1998

Hamrick Public Service District  
Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of Environmental Protection  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 97-0261-PSD-CN, entered August 28, 1997, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Thrasher Engineering, 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 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued by Hamrick Public Service District (the "Issuer"), to the West Virginia Water Development Authority on the date hereof, and the Issuer's outstanding Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Prior Bonds"). It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within 18 months immediately preceding the date of the actual issuance of the 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 the 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 Prior Bonds and the Bonds.

Very truly yours,



Jeffrey S. Feamster



I, Nina B. Buchanan, County Clerk of Tucker County, do certify this is a true and correct copy of the minutes of the Tucker County Commission, of December 6th, 1968, recorded in Order Book No. 15, establishing the Hamrick Service District. Given under my hand this 22nd day of February, 1994.

Clerk

PRECINCT NO. 23

1153	George Spessert	Commissioner & Messenger	19.12
1154	Reva Spessert	Election Commissioner	10.00
1155	Isabelle Dumire	" "	10.00
1156	Ruth Miller	Election Clerk	10.00
1157	Delsie Watring	" "	10.00

PRECINCT NO. 24

1158	Claude L. Bohon	Commissioner & Messenger	19.24
1159	Gertrude D. Auvil	Election Commissioner	10.00
1160	Mary E. Hebb	" "	10.00
1161	Irene White	" "	10.00
1162	Juanita Nestor	" "	10.00
1163	Ruth Dale Dumire	" "	10.00
1164	Dollie Owens	Election Clerk	10.00
1165	Freda Parsons	" "	10.00
1166	Dorothy White	" "	10.00
1167	Leona Pifer	" "	10.00
1168	Lena Parsons	Janitor Services	8.00

PRECINCT NO. 25

1169	Bernice Watring	Commissioner & Messenger	16.80
1170	Mary Watring	Election Commissioner	10.00
1171	Prima Kines	" "	10.00
1172	Lavera Kelley	Election Clerk	10.00
1173	Bernice E. VanMeter	" "	10.00

The Tucker County Court on its own motion by order duly adopted on December 6th, 1968, proposed the adoption of a public service district and named the proposed public service district "Hamrick Public Service District", and the proposed public service district is to encompass the following described territory:

BEGINNING at the NE corner of the Hamblaton Corporation limit on the west side of Route # 219 near the NE portion of Sunset Heights Subdivision; thence continuing in a straight line at a bearing of N. 33 degrees for approximately 1.53 miles to the NE corner of Floy Ball's property on Cheat River; then following Cheat River west to the intersection with Black Fork River; then continuing SE along Black Fork River to the western most crossing of Hamblaton Corporation limit; then continuing SE along Black Fork to the SW corner of Hendricks Corporation limit; then following the Hendricks Corporation limit around the east section of the town to the NE corner of Hamblaton Corporation limit; then following Hamblaton Corporation limit to the point of beginning on the West Side of Route #219.

All persons residing in or owning or having any interest in property in said proposed public service district shall appear before the County Court on January 15th, 1969 at 10:30 A.M. in the Court Room at the Court House, in Parsons, West Virginia, to be heard for and against the creation of said public service district.

Dated this the 18th December, 1968.

Delvin K. Goff

Clerk of the Tucker County Court.

JANUARY 15, 1969

STATE OF WEST VIRGINIA,

Tucker County Court Clerk's Office:

SPECIAL SESSION:

At a Special Session of the County Court of Tucker County, West Virginia, held at the Court House thereof, on Wednesday, January 15, 1969. Present: Junior R. Knotts, President; Eva E. Cross and Ernest A. Colabrese, Commissioners, J. Pat. Nichols, Prosec. Attorney and Nina B. Buchanan, County Clerk.

N O T I C E :

STATE OF WEST VIRGINIA:

Tucker County Court Clerk's Office

Notice is hereby given that there will be a Special Session of the County Court of Tucker County, West Virginia on Wednesday, January 15, 1969, for the following purpose, to-wit:

- 1. Public Service District

Junior R. Knotts, President

We Concur to the above Call:

Eva E. Cross                    )  
   ) Commissioners  
 Ernest A. Colabrese        )

Tests: Nina B. Buchanan, Clerk

J. Pat. Nichols, Prosecuting Attorney presided over the meeting. There were eleven persons who appeared, in interest to their property, and to learn more about the purpose of the meeting and how it would effect them as property owners. The purpose was explained by J. Pat. Nichols, and is to include the Area in the discription of the notice published in the paper. The Notice reads as follows: The Tucker County Court on its own motion by order duly adopted on December 6th, 1968, proposed the adoption of a public service district and named the proposed public service district "Hamrick Public Service District", and the proposed public service district is to encompass the following described territory:

BEGINNING at the NE corner of the Hambleton Corporation limit on the west side of Route No. 219 near the NE portion of Sunset Heights Subdivision; thence continuing in a straight line at a bearing of N. 33 degrees for approximately 1.53 miles to the NE corner of Floyd Ball's property on Cheat River; then following Cheat River west to the intersection with Black Fork River; then continuing SE along Black Fork River to the western most crossing of Hambleton Corporation limit; then continuing SE along Black Fork to the SW corner of Hendricks Corporation limit; then following the Hendricks Corporation limit around the east section of the town to the NE corner of Hambleton Corporation limit; then following Hambleton Corporation limit to the point of beginning on the West Side of Route No. 219.

All persons residing in or owning or having any interest in property in said proposed public service district shall appear before the County Court on January 15th, 1969 at 10:30 a.m. in the Court Room at the Court House, in Parsons, West Virginia, to be heard for and against the creation of said public service district.

Dated this the 18th day of December, 1968.

D. K. Goff, Clerk of Tucker County Court.

Those appearing at the meeting were: Ross Mateer, Floyd Ball, Clay Simmons and Mrs. y Simmons, Mr. A. Victor Beckman, Rosa Mullenax, Harry Bright, Mr. & Mrs. John Syrian and Rev. Carl

Mr. J. Pat. Nichols, explained that the purpose of this Public Service District, was to include this area with water and sewage. He also explained that the Public Service District would be made up of three individuals appointed by the Tucker County Court and they would have the right to operate this system. After discussion and questions asked and answered by J. Pat. Nichols this group said they would be for the Public Service District if it didn't cost them anything as property owners. Mr. Nichols explained that Revenue Bonds would be sold to finance this project of sewage and water. After which this group of people adjourned.

The meeting continued with Mr. J. Pat. Nichols presenting the following names for appointment to the Public Service District Board they are as follows:

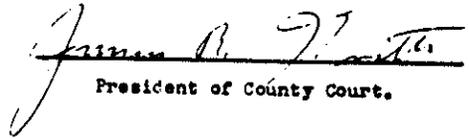
Larry Mayfield, 2 year term.

Kermit Collett, 4 year term

Ross Mateer, 6 year term

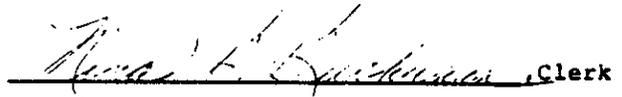
All terms beginning as of January 15th, 1969. Eva E. Cross made a motion that these men be appointed to serve as the Public Service District, the motion was seconded by Ernest A. Colabrese. Included in the motion also was the District will be set up and named the HAMRICK PUBLIC SERVICE COMMISSION.

There being no further discussion at this time on this matter the meeting adjourned, this the 15th day of January, 1969.

  
President of County Court.

February 22, 1994

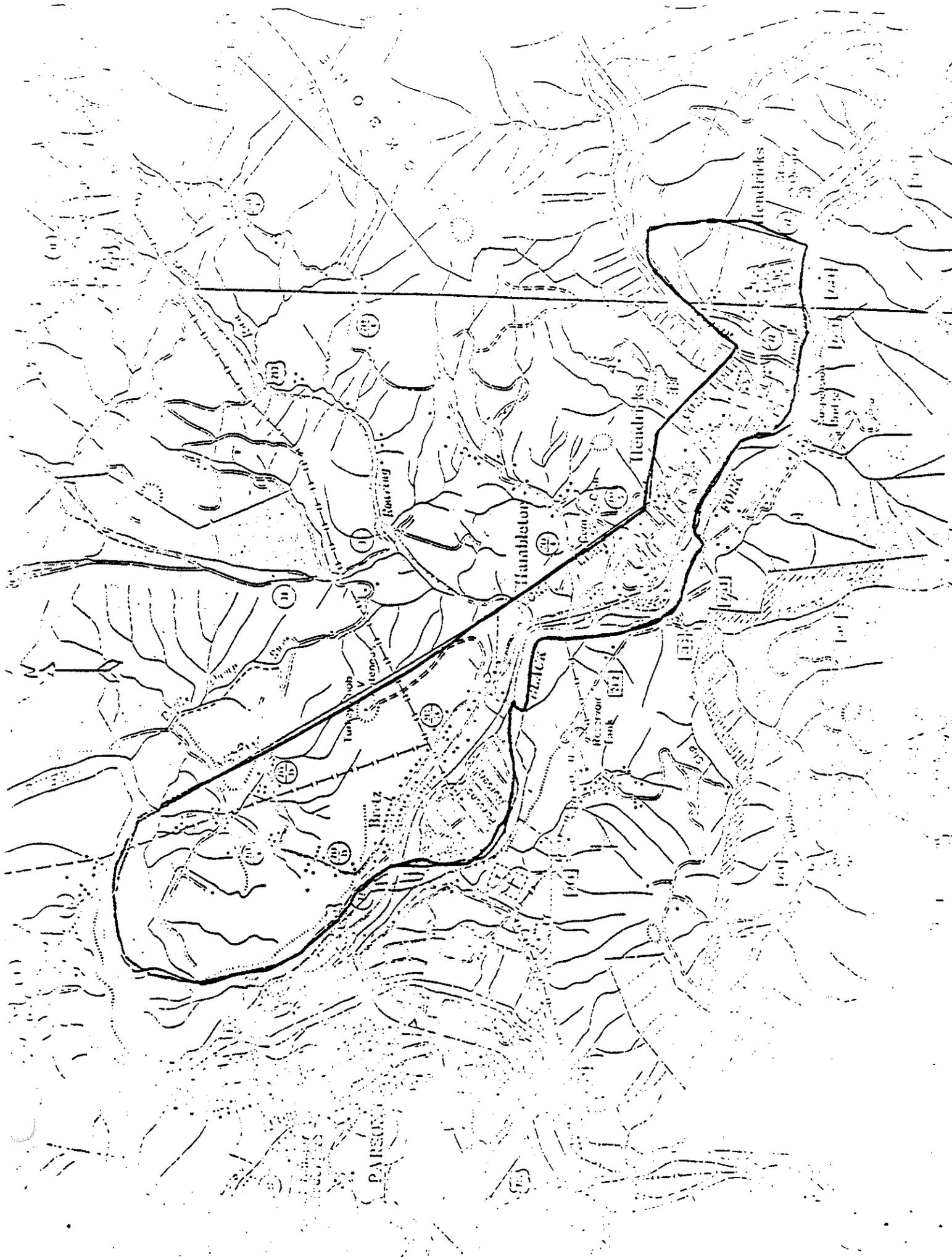
I, Nina B. Buchanan, County Clerk Tucker County, do certify this to be a copy of the minutes of the Tucker County Commission of January 15, 1969, as recorded in Order Book No. 15, page 190. Given under my signature and the seal of my office this 22 day of February, 1994.

  
Clerk

DESCRIPTION OF PROPOSED HAMRICK PUBLIC SERVICE AREA

Tucker County, West Virginia

Beginning at the NE corner of Hamblaton Corporation limit on the west side of Route 219 near the NE portion of Sunset Heights; then continuing in a straight line at a bearing of N 33° W for approximately 1.53 miles to the NE corner of Floyd Ball's property on Cheat River; then following Cheat River west to the intersection with Black Fork River; then continuing SE along Black Fork River to the western most crossing of Hamblaton Corporation limit; then continuing SE along Black Fork to the SW corner of Hendricks Corporation limit; then following the Hendricks Corporation limit around the east section of town to the NE corner of Hamblaton Corporation limit; then following Hamblaton Corporation limit to point of beginning on the W side of 219.



CERTIFICATE OF PUBLICATION

I, Kan McClain, publisher

Parsons Advocate

a weekly newspaper published at Parsons West Virginia, do hereby certify that the an-

Notice of proposal of adoption of a ~~service district~~ to be known as the Hamrick Public Service District

~~XXXXXX~~

~~XXXX~~

has been published for 2 consecutive w in said newspaper, beginning with the issu

Dec. 19, 1968 and ending with the i Dec. 24, 1968.

Given under my hand this 28th da

December, 1968

Kan McClain, Publi

Publication fee \$ 18.24

STATE OF WEST VIRGINIA,

COUNTY OF Tucker, to-wit:

Kan McClain, publisher of

Parsons being duly sworn, says that statements contain in the above certificate are true and correct the best of his knowledge and belief.

Kan McClain, AIT

Sworn to and subscribed before me, this

28th day of December, 1968

Janie Jean, Notary Public.

My commission expires Nov. 15, 1971

The Tucker County Court on its own motion by order duly adopted on December 6th, 1968, proposed the adoption of a public service district and named the proposed public service district "Hamrick Public Service District", and the proposed public service district is to encompass the following described territory:

BEGINNING at the NE corner of the Hambleton Corporation limit on the west side of Route No. 219 near the NE portion of Sunset Heights Subdivision; thence continuing in a straight line at a bearing of N. 13 degrees for approximately 1.33 miles to the NE corner of Floyd Ball's property on Cheat River; then following Cheat River west to the intersection with Black Fork River; then continuing SE along Black Fork River to the western most crossing of Hambleton Corporation limit; then continuing SE along Black Fork to the SW corner of Hendricks Corporation limit; then following the Hendricks Corporation limit around the east section of the town to the NE corner of Hambleton Corporation limit; then following Hambleton Corporation limit to the point of beginning on the West Side of Route No. 219.

All persons residing in or owning or having any interest in property in said proposed public service district shall appear before the County Court on January 15th, 1969 at 10:30 a. m. in the Court Room at the Court House, in Parsons, West Virginia, to be heard for and against the creation of said public service district.

Dated this 18th day of December, 1968.

D. K. Gott  
Clerk of the Tucker  
County Court

12-19 12-24c

County of Tucker, West Virginia

Attest: \_\_\_\_\_

Re: Town of Marlinton

Continued

At a regular meeting of the town council of H. Bladen, W. Va. held on \_\_\_\_\_  
1977 a motion was made, seconded and passed that the town of Marlinton,  
county of Tucker, West Virginia, be included in the Herrick Public  
Service District, with reference to water and Sewerage facilities.

Sincerely Yours

*Samuel S. Sander*  
Recorder

January 5, 1977

Harrison Home Administration,  
Petersburg, West Virginia.

Re: Town of Hendricks

Gentlemen:

At a regular meeting of the Town Council of Hendricks, West Virginia held on January 5, 1977 a motion was made, seconded and carried that the Town of Hendricks, Tucker County, West Virginia be included in the Hamrick Public Service District, with reference to water and sewer facilities.

Sincerely yours,

*Bobby J. ...*

Recorder.

THIS DEED and BILL OF SALE, made this the 24th day of March, 1976, by and between the Town of Hambleton, a municipal corporation, grantor and party of the first part and Hancock Public Service District, grantee and party of the second part.

WHEREAS, by deed and bill of sale dated April 2, 1969 the Hambleton Water Company, a corporation transferred and sold unto the Town of Hambleton, a municipal corporation all right of ways, transmission lines, leases, reservoir, franchise and such other rights, real and personal that was being used in the operation of the water system in the Town of Hambleton by the Hambleton Water Company.

WHEREAS, the party of the first part desires to transfer and sell unto the said second party the franchise and right of ways and leases as to the water system in the Town of Hambleton and the second part is desirous of purchasing the same.

NOW, THEREFORE, WITNESSETH: That for and in consideration of the sum of One (\$1.00), cash in hand paid, and other valuable consideration, receipt of which is hereby acknowledged, the party of the first part bargains and sells, and sets over unto the said second party, with covenants of general warranty of title, the following real and personal property situate in the Town of Hambleton and Black Fork District, Tucker County, West Virginia, described as follows:

All such right of ways, recorded or unrecorded, leases and franchise that are presently being used in the operation of the water system in the Town of Hambleton by the first party.

It is expressly understood and agreed that this sale is subject to the confirmation of same by the Public Service Commission of West Virginia.

Declaration of Consideration of Value Under penalties of fine and imprisonment as provided by law, that the consideration paid for the real estate involved in the above transfer





TUCKER COUNTY COMMISSION

OCTOBER 11, 1995

REGULAR SESSION:  
9:00 A.M.

The TUCKER COUNTY COMMISSION, met in REGULAR SESSION, Wednesday morning at 9:00 A.M. October 11, 1995, in the Commissioners room. Attending: President Jerome "Jerry" DiBacco, Commissioners Arlie Davis and Sam Eichelberger, Nina Buchanan, County Clerk, Tom Tuesing, Administrator, Mariwyn Smith, Reporter. Guests: Bob Jones, Larry Campbell, Betty VanMeter Michael, June Ann Carr, Virginia "skip" Wamsley, Sandy Hinkle, Mark Fiorini and Ralph Moore, Tucker County Development Authority, James Carr, Mayor of Hendricks, Cricket Leary, with Hospice.

The meeting was called to order by President DiBacco, he extended a Welcome to all that was there, Nina Buchanan, gave the opening prayer.

The First Order of business was the approval of the minutes of September 27, 1995, by motion of Arlie Davis and a second by Sam Eichelberger. With one paragraph revised.

The Commissioners all talked to Betty VanMeter Michael, about serving on the HPSD, the unexpired term of Robert Gutshall, who resigned. After some discussion and questions, and by motion of Arlie Davis and a second by Sam Eichelberger, Betty Michael was appointed to fill the un-expired term of Robert Gutshall on the HPSD until 12/31/1999. She was recommended by the HPSD to serve.

Larry Campbell, representing the West Virginia Department of Agriculture, explained the seriousness of the Gypsy Moth Problems. He presented several things to think about. Where is the Gypsy Moth Infestation Currently? What is the Gypsy Moth Cooperative Suppression Program? How do I know if my land has Gypsy Moth problem and I need to participate? How can I sign up? How much will it cost? What about Public Lands, etc? Larry explained that the State would do the billing for the cost of the spraying but ask if the County Commission would collect the funds? Our farmers and others who participate have been sending their money to Charleston. Larry explained that other counties do the collecting of this money and this is the way the program is supposed to be handled. After his explanation and by motion of Arlie Davis and a second by Sam Eichelberger, the county will collect these funds. All favored.

Mark Fiorini and Ralph Moore, representing - the Tucker County Development Authority. Mark, explained some of the things they have done since they re-organized, in the last year. He said there is a Grant of \$25,000 available from the Tygrat Valley Authority, that we qualify for, but we need matching monies. Ask permission to apply directly to the for funds. They will do all paper work, if they qualify. Mark said, as far as a Certificate of Need, we do qualify for these. Reported that they now have the Deed for the Industri we hope to induce industry, come to Tucker County. We involving fund said Mark,

so we can help more people. We now have about 20 people on our Board. Mark, said a verbal commitment would be nice, for matching funds. We will gather more information and come to the next County Commission Meeting, October 25th at 6:00 P.M.

James Carr, Mayor of Hendricks, Sandy Hinkle and Virginia Wamsley, appeared and said they had a DOG PROBLEM in Hendricks, and needed help. People turn their dogs loose in the evening and they run everywhere. This is a problem all over our County. Something has to be done.

At this time President DiBacco entertained a motion for the second reading of the Dog Ordinance. by motion of Sam Eichelberger and a second by Arlie Davis, this second reading of the Dog Ordinance was approved.

Cricket Leary, was recognized by the Commission, she appeared in behalf of Hospice, who serves Tucker County. She ask the County Commission to prepare a Proclamation, and to declare the week of November 13th through the 17th as National Hospice Week. The whole month of November will be celebrating National Hospice Month. The Commission responded favorably and thanked Cricket for coming.

President DiBacco, said "What are we going to do about our TV CABLE" ? We need to contact "Mont" again about this problem. We need to talk to him today.

Under old business it was reported that there was no response from the STATE about SCHOOL SIGNS at the new SCHOOL.? Roads and the walk way ?

The Commissioners discussed the money received from the Federal Government in Lieu of Taxes for Federal owned Entitlement Land. We have been cut ? It was supposed to increase ? Last year we received \$76,030.00 and this year we received \$ 72,945.00. Tucker County should have received \$94,276.89 ?? All payments were prorated at .773727720% this is for 101,373 acres.

By motion of Arlie Davis and a second by Sam Eichelberger all First and Final Reports for the quarter ending September 30, 1995, was approved.

By motion of Sam Eichelberger and a second by Arlie Davis, the Commissioners will write and join the Monongahela National Forest Region Association. All favored.

The Commission reviewed a letter written to the Mt. Storm Power Plant in behalf of employment, coal, and coal severance. They desided to add another paragraph, before mailing.

Tom Tuesing, presented the Financial Statement for approval, after reviewing all bills there was one added in the amount of \$181.77, for the Law Enforcements Petty Cash Drawer, in the Sheriff's Office. All bills approved for payment with the added one for Sheriff's Office, by motion of Arlie Davis and a second by Sam Eichelberger.

Commissioner Davis, gave rt on the Wage and Hour Board Meeting , held at 8:30 A.M. . the number of sick days

*All First Final Reports - Quarterly Meetings  
Sept. 30, 95 was approved by Motion of Arlie  
seconded by Sam*

be  
accumulated can/added to our Insurance or Retirement as a credit  
when we retire. This will be discussed more later/

There being no further business to come before the  
Commission on this 11th day of October, 1995, there was a  
motion for adjournment by Sam Eichelberger and was seconded by  
Arlie Davis.

*Nina B. Buchanan*, Clerk

*Approved: 10-25-95*



# *Tucker County Commission*



215 First Street  
Parsons, WV 26287

Jerome V. DiBacco, Commissioner

Arlie C. Davis, President

Sam Eichelberger, Commissioner

January 2, 1998

**A the special session of the Tucker County Commission on Friday, January 2, 1998 the following motion was made:**

Hamrick Public Service District: Jim Suesli was appointed to serve a six (6) year term beginning January 1, 1998 and ending and ending December 31, 2003, motion made by Commissioner Eichelberger and a second by Commission DiBacco, vote was unanimous.

**This motion is recorded in Order Book 19 in the County Clerks office.**

*Tina B. Buchanan, Clerk*  
ATTESTED



RECEIVED

OCT 27 1995

REGION VII  
PLANNING & DEVELOPMENT COUNCIL

# OATH

State of West Virginia, County of TUCKER SS:

I, BETTY VANMETER MICHAEL, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member of the Hamrick Public Service District to replace Robert Gutshall whose term expires 12/31/1999

to the best of my skill and judgment, so help me God.

Betty Z. Vandmeter-Michael

Subscribed and sworn to before the undersigned, this the 11th day of October, 1995

Nina B. Buchanan-lyle

Clerk County Commission, Tucker County, W. Va.

STATE OF WEST VIRGINIA, OFFICE OF THE CLERK

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# OATH

State of West Virginia, County of TUCKER ss:

I, Robert C. Summerfield, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of appointment to serve on the Hamrick Public Service District for a term of six years, term beginning January 1, 1996 and ending December 31, 2001, to the best of my skill and judgment, so help me God.

Robert C. Summerfield

Subscribed and sworn to before the undersigned, this the 15th day of February, 1996.

Nina S. Buchanan

Clerk County Commission, Tucker County, W. Va.

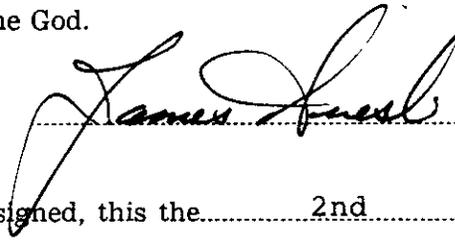
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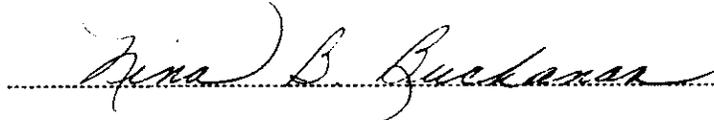
# OATH

State of West Virginia, County of Tucker ss:

I, James Suesli, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office Appointed to a Six Year Term on the Hamrick Public Service District Term beginning 1/01/98 through 12/31/2003 to the best of my skill and judgment, so help me God.



Subscribed and sworn to before the undersigned, this the 2nd day of January, 19 98.



Clerk County Court, Tucker County, W. Va.



RULES OF PROCEDURE

HAMRICK PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: HAMRICK PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Route 72 and 2nd Street, Hendricks, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Hamrick Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Tucker County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

## ARTICLE IV

### MEETINGS OF THE PUBLIC SERVICE BOARD

**Section 1.** The members of the Public Service Board of this District shall hold regular monthly meetings on the second Monday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

### PUBLIC NOTICE OF MEETINGS

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

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Tucker County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

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

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

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

**HAMRICK PUBLIC SERVICE DISTRICT**

**NOTICE OF SPECIAL SESSION**

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

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

2.

\_\_\_\_\_  
Secretary

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

**ARTICLE V**

**OFFICERS**

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

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

3.

## ARTICLE VI

### DUTIES OF OFFICERS

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

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

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

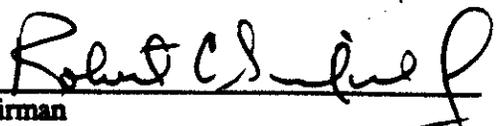
Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or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

ARTICLE VII

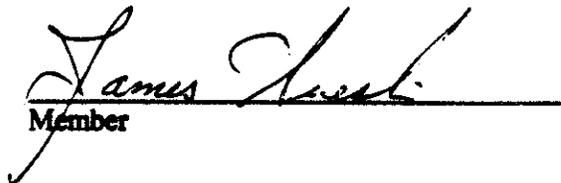
AMENDMENTS TO RULES OF PROCEDURE

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

Adopted: April 11, 1994.

  
Chairman

  
Member

  
Member

03/30/94  
HAMC.M2  
37342/92001



**CERTIFICATE OF PUBLICATION**

I, George A. Smith, Jr., publisher of *The Parsons Advocate*, a weekly newspaper published at Parsons, West Virginia, do hereby certify that

the annexed .....

in the case of *Notice* .....

VS. ....

has been published for *2* consecutive weeks in said newspaper, beginning with the issue of

*Feb. 26, 1997* .....

Given under my hand this *5* day of

*March*, 19*97* .....

*George A. Smith, Jr.*, Publisher

Publication fee \$ *69.13* .....

*9 1/4" or 564 words at 12.25 each*

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

George A. Smith, Jr., publisher of *The Parsons Advocate*, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

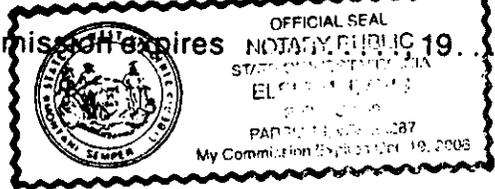
*George A. Smith, Jr.*, Affiant

Sworn to and subscribed before me, this the *5* day of *March*, 19*97* .....

*Elsie M. Davis* .....

Notary Public

My commission expires *19* .....



**NOTICE**

HAMRICK PUBLIC SERVICE DISTRICT NOTICE IS HEREBY GIVEN to the residents of Hamrick Public Service District (the "District"), Tucker County, West Virginia, that the District intends to acquire, construct, operate and maintain certain public service properties, constituting sewerage facilities in the Hendricks, Hambleton and Bretz areas of Tucker County, consisting of a sewage collection system and force main and all appurtenant facilities (the "Project") to transport sewage to the City of Parsons for treatment.

The estimated total cost of the Project is \$4,349,500. The District contemplates financing the cost of the Project through loans from the West Virginia Infrastructure and Jobs Development Council (through the West Virginia Infrastructure Fund) and the West Virginia Division of Environmental Protection (through the State Revolving Fund), in an aggregate principal amount of not to exceed \$3,000,000, at an interest rate not to exceed 3% per annum and with maturities not to exceed 30 years. The District contemplates financing the remaining cost of the Project through grants from the United States Department of Housing and Urban Development (Small Cities Block Grants) in an amount not to exceed \$1,250,000, the West Virginia Division of Environmental Protection in an amount not to exceed \$25,500 and the Governor's Contingency Fund in an amount not to exceed \$70,000.

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

**RATES**  
Applicable in entire territory served. Available for general domestic, commercial and industrial service.  
First 3,000 gallons at \$8.00 per 1000 gallons  
Over 3,000 gallons at \$8.00 per 1000 gallons  
Minimum Monthly Bill - \$24.00 for 3,000 gallons  
Unmetered Rate - \$36.00 per month  
Average Bill for 4,500 gallons - \$36 per month

**DELAYED PAYMENT PENALTY**

The above tariff is net. Any account not paid in full within 20 days of the date of bill, 10% will be added to the amount due. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

**CONNECTION CHARGE**

Before construction - \$0. After construction - \$350.

**DISCONNECTION CHARGE**

\$20.00.

**RECONNECTION CHARGE**

\$20.00

The District will file its formal application for certificate of public convenience and

necessity for the acquisition and construction of the Project with the Public Service Commission of West Virginia, on March 26, 1997, or as soon thereafter as practicable. This Notice is published pursuant to West Virginia Code Section 16-13A-25.  
Robert Summerfield  
Chairman, Hamrick Public Service District  
2-26 3-5c

1252



**HAMRICK PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)**

**MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING**

The undersigned SECRETARY of the Public Service Board of Hamrick Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Hamrick Public Service District met in regular session, pursuant to notice duly posted, on the 12th day of January, 1998, in Hendricks, West Virginia, at the hour of 6:30 p.m.

PRESENT: Robert Summerfield - Chairman and Member  
Betty VanMeter Michael - Member  
James Suesli - Member  
June Ann Carr - Secretary-Treasurer

ABSENT: None.

The Board 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 for 1998:

Chairman - Robert Summerfield  
Secretary/Treasurer - June Ann Carr

\*\*\*

\*\*\*

\*\*\*

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 20th day of January, 1998.

  
Secretary

01/13/98  
373420/96001



HAMRICK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Hamrick Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Hamrick Public Service District met in regular session, pursuant to notice duly posted, on the 12th day of January, 1998, in Hendricks, West Virginia, at the hour of 6:30 p.m.

PRESENT:	Robert Summerfield	-	Chairman and Member
	Betty VanMeter Michael	-	Member
	James Suesli	-	Member
	June Ann Carr	-	Secretary-Treasurer

ABSENT: None.

Robert Summerfield, Chairman, presided, and June Ann Carr, 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 IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HAMRICK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), AND

**NOT MORE THAN \$1,550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS 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 1998 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 1998 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF HAMRICK PUBLIC SERVICE DISTRICT ; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS 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.

\*\*\*

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\*\*\*

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Robert C. Summerfelt  
Chairman

June Ann Carr  
Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of a regular meeting of said Public Service Board 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 20th day of January, 1998.

  
Secretary

01/13/98  
373420/96001



WV MUNICIPAL BOND COMMISSION

812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: January 20, 1998

(See Reverse for Instructions)

ISSUE: Hamrick Public Service District Sewer Revenue Bonds  
Series 1998 A (West Virginia SRF Program)

ADDRESS: P. O. Box 10, Hambleton, West Virginia 26269 COUNTY: Tucker

PURPOSE: New Money  Refunding  Refunds issue(s) dated: \_\_\_\_\_

ISSUE DATE: January 20, 1998 CLOSING DATE: January 20, 1998

ISSUE AMOUNT: \$ 200,000 RATE: 0% Administrative Fee: 1%

1st DEBT SERVICE DUE: 9/1/99 1st PRINCIPAL DUE: 9/1/99

1st DEBT SERVICE AMOUNT: \$2,500 PAYING AGENT: Municipal Bond Commission

ISSUERS  
BOND COUNSEL: Steptoe & Johnson  
Contact Person: Vincent A. Collins, Esq.  
Phone: 624-8161

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

CLOSING BANK: Citizens National Bank  
Contact Person: Randy Moore  
Phone: 478-2551

ESCROW TRUSTEE:  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: June Carr  
Position: General Manager  
Phone: 478-2898 FAX: \_\_\_\_\_

OTHER: WV Division of Environmental Protection  
Contact Person: Rosalie Brodersen  
Function: Branch Leader  
Phone: 558-0637

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By  Wire  \_\_\_\_\_  
 Check  \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By  Wire  \_\_\_\_\_  
 Check  \_\_\_\_\_  
 IGT  \_\_\_\_\_  
To Escrow Trustee: \$ \_\_\_\_\_  
To Issuer: \$ \_\_\_\_\_  
To Cons. Invest. Fund: \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS  
REQUIRED: \_\_\_\_\_  
TRANSFERS  
REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: January 20, 1998

(See Reverse for Instructions)

ISSUE: Hamrick Public Service district Sewer Revenue Bonds  
Series 1998 B (West Virginia Infrastructure Fund)

ADDRESS: P. O. Box 10, Hambleton, West Virginia 26269 COUNTY: Tucker

PURPOSE: New Money  Refunds issue(s) dated: \_\_\_\_\_  
OF ISSUE: Refunding

ISSUE DATE: January 20, 1998 CLOSING DATE: January 20, 1998

ISSUE AMOUNT: \$ 1,550,000 RATE: 2%

1st DEBT SERVICE DUE: 9/1/99 1st PRINCIPAL DUE: 9/1/99

1st DEBT SERVICE AMOUNT: \$14,456.33 PAYING AGENT: Municipal Bond Commission

ISSUERS  
BOND COUNSEL: Steptoe & Johnson  
Contact Person: Vincent A. Collins, Esq.  
Phone: 624-8161

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

CLOSING BANK: Citizens National Bank  
Contact Person: Randy Moore  
Phone: 478-2551

ESCROW TRUSTEE:  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: June Carr  
Position: General Manager  
Phone: 478-2898 FAX: \_\_\_\_\_

OTHER: WV Infrastructure and Jobs Develop. Council  
Contact Person: Susan Riggs  
Function: Executive Director  
Phone: 558-4607

DEPOSITS TO MBC AT CLOSE:  
By \_\_\_\_\_ Wire \_\_\_\_\_ Accrued Interest: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ Capitalized Interest: \$ \_\_\_\_\_  
\_\_\_\_\_ Reserve Account: \$ \_\_\_\_\_  
\_\_\_\_\_ Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By \_\_\_\_\_ Wire \_\_\_\_\_ To Escrow Trustee: \$ \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_ To Issuer: \$ \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_ To Cons. Invest. Fund: \$ \_\_\_\_\_  
\_\_\_\_\_ To Other: \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS  
REQUIRED: \_\_\_\_\_  
TRANSFERS  
REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basis facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

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The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

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Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

January 26, 1998

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 728-1414

FACSIMILE (304) 728-1813

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 180

WHEELING, W. VA. 26003-0080

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

(304)624-8104

Hamrick Public Service District  
Sewer Revenue Bonds, Series 1998 B  
(West Virginia Infrastructure Fund)

## 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 issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

*Francesca Tan*

Francesca Tan

Enclosure

Copy of letter with enclosure to:

Ms. June Ann Carr  
Samme L. Gee, Esquire  
Susan Riggs, Esquire

373420/96001

405526.

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

1 Issuer's name HAMRICK PUBLIC SERVICE DISTRICT	2 Issuer's employer identification number 55 0580488
3 Number and street (or P.O. box if mail is not delivered to street address) Post Office Box 10	4 Report number G19 98 - 1
5 City, town, or post office, state, and ZIP code Hambleton, West Virginia 26269	6 Date of issue 1/20/98
7 Name of issue Hamrick Public Service District Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund)	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	1,550,000
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.	12/1/2037	2.000 %	\$14,384.40	\$14,384.40			
20 Entire issue			\$1,550,000	\$1,550,000	23.565 years	1.8507 %	1.8515 %

**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	\$1,550,000
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	\$1,550,000

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

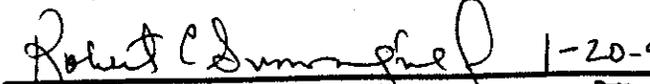
30 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____	years
31 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____	years
32 Enter the last date on which the refunded bonds will be called	_____	
33 Enter the date(s) the refunded 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	37a	-0-
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units		
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	WV Infrastructure and Jobs Development Council and the date of the issue June 4, 1996	
38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
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

 1-20-98  
 Signature of issuer's authorized representative Date

Robert Summerfield, Chairman  
 Type or print name and title



**HAMRICK PUBLIC SERVICE DISTRICT**

Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

**ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK**

CITIZENS NATIONAL BANK in Parsons, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Hamrick Public Service District (the "Issuer") adopted January 12, 1998, and the Supplemental Resolution of the Issuer adopted January 12, 1998 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), both dated January 20, 1998, issued in the respective principal amounts of \$200,000 and \$1,550,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 20th day of January, 1998.

CITIZENS NATIONAL BANK

  
Assistant Vice President

12/22/97  
373420/96001



**HAMRICK PUBLIC SERVICE DISTRICT**

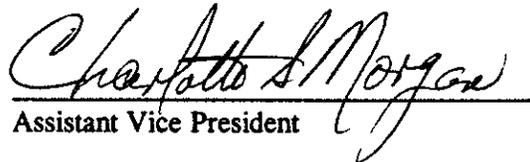
Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

**ACCEPTANCE OF DUTIES AS REGISTRAR**

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Hamrick Public Service District Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), both dated January 20, 1998, issued in the respective principal amounts of \$200,000 and \$1,550,000 (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 20th day of January, 1998.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

12/22/97  
373420/96001



**HAMRICK PUBLIC SERVICE DISTRICT**

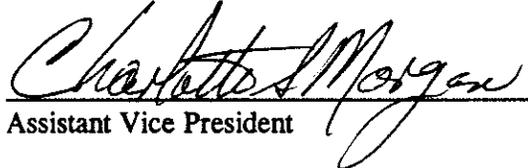
Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

**CERTIFICATE OF REGISTRATION OF BONDS**

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Hamrick Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1998 A (West Virginia SRF Program), of the Issuer, dated January 20, 1998, in the principal amount of \$200,000, numbered AR-1, and the single, fully registered Sewer Revenue Bond, Series 1998 B (West Virginia Infrastructure Fund), of the Issuer, dated January 20, 1998 in the principal amount of \$1,550,000, numbered BR-1, were 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 20th day of January, 1998.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

12/22/97  
373420/96001



## REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of January, 1998, by and between HAMRICK 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 \$200,000 Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), and \$1,550,000 Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted January 12, 1998, and the Supplemental Resolution of the Issuer duly adopted January 12, 1998 (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 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:** Hamrick Public Service District  
P. O. Box 10  
Hambleton, West Virginia 26269  
Attention: Chairman

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

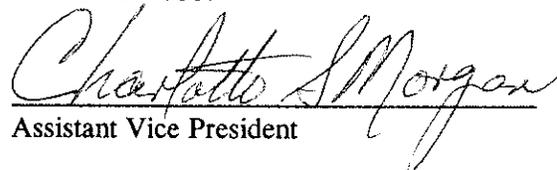
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto 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.

HAMRICK PUBLIC SERVICE DISTRICT

  
Chairman

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

12/22/97  
373420/96001

**EXHIBIT A**

**Bond Legislation included in bond transcript as Documents Nos. 1 and 2.**

**Invoice**

**ONE VALLEY  
BANK**

┌ HAMRICK PUBLIC SERVICE DISTRICT ┐  
ATTN: MS JUNE ANN CARR  
P O BOX 10  
HAMBLETON WV 26269  
└ ┘

DATE JANUARY 20, 1998

UNITS	ITEM DESCRIPTION	TOTAL
	<p>HAMRICK PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1998 A (WV SRF PROGRAM) AND SERIES 1998 B (WV INFRASTRUCTURE FUND)</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....</p>	<p>\$250.00</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





CECIL H. UNDERWOOD  
GOVERNOR

DIVISION OF ENVIRONMENTAL PROTECTION  
1201 Greenbrier Street  
Charleston, WV 25311-1088

JOHN E. CAFFREY  
DIRECTOR

September 3, 1997

Robert C. Summerfield, Chairman  
Hamrick Public Service District  
P.O. Box 10  
Hambleton, WV 26269

CERTIFIED RETURN RECEIPT REQUESTED

RE: WV/NPDES Water Pollution Control  
Permit No. WV0105317

Dear Mr. Summerfield:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0105317 issued the 13th day of September 1996.

After review and consideration of the information submitted with Permit Modification Application No. WV0105317-A dated the 21st day of May 1997 and the associated plans and specifications, the subject permit is hereby modified to include the following:

The acquisition, construction, installation, operation, and maintenance of an wastewater collection system extension consisting of 11,375 linear feet of six (6) inch gravity sewer line, 26,549 linear feet of eight (8) inch gravity sewer line, 690 linear feet of 12 inch gravity sewer line, 830 linear feet of four (4) inch force main, 2,090 linear feet of three (3) inch force main, 1,200 linear feet of two (2) inch force main, 125 linear feet of 1 1/2 inch force main, 185 manholes, 69 cleanouts, four (4) grinder pump stations, one (1) lift station, and all other necessary appurtenances.

This extension will carry a peak flow of 90,000 gpd from the Hambleton and Hendricks areas of the Hamrick PSD and convey wastewater to the City of Parsons wastewater treatment facility for final treatment and discharge.

Robert C. Summerfield  
Page 2  
September 3, 1997

The wastewater collection system extension shall be constructed in accordance with the plans, specifications and reports approved by the Construction Assistance Branch on the 26th day of June 1997. A further description of these documents is presented as follows:

Plans, Specifications, and Reports:

Prepared by: Thrasher Engineering, Inc.  
339 Hickman Street  
Clarksburg, WV 26301

Title: Hamrick Public Service District  
Tucker County, West Virginia  
Proposed Contract #1  
Sanitary Sewer Collection System

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,

OFFICE OF WATER RESOURCES



Barbara S. Taylor  
Chief

BST:rb

**DIVISION OF ENVIRONMENTAL PROTECTION**

1201 Greenbrier Street  
Charleston, WV 25311-1088

GASTON CAPERTON  
GOVERNOR

LADLEY ELI MCCOY, Ph.D.  
DIRECTOR

September 13, 1996

Robert C. Summerfield  
Hamrick Public Service District  
P. O. Box 10  
Hambleton, WV 26269

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Summerfield:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0105317, dated the 13th day of September 1996, for the Hamrick Public Service District in Parsons, West Virginia.

Please note Section G.4, 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:mll

Enclosure



WSD 1A-82  
Revised 4/95

STATE OF WEST VIRGINIA  
DIVISION OF ENVIRONMENTAL PROTECTION  
OFFICE OF WATER RESOURCES  
1201 GREENHILLER STREET  
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0105317

Issue Date: September 13, 1996

Subject: Sewage Collection System

Effective Date: October 13, 1996

Expiration Date: September 12, 2001

Supersedes: N/A

Location: Parsons (City) Tucker (County) Cheat River (Drainage Basin)

Outlet Latitude: N/A  
Sites: Longitude: N/A

To whom it may concern:

This is to certify that Hamrick PSD  
P.O. Box 10  
Hambleton, WV 26269

is hereby granted a NPDES Water Pollution Control Permit to acquire, construct, install, operate, and maintain a sewage collection system consisting of 9,936 linear feet of eight (8) inch gravity PVC sewer line; 1,890 linear feet of six (6) inch gravity PVC sewer line; 2,053 linear feet of four (4) inch force main; 1,570 linear feet of two (2) inch force main; 57 manholes; 3 cleanouts; one (1) 124 gpm duplex lift station; one (1) 27 gpm duplex grinder pump station; and all necessary appurtenances.

The system is designed to serve 280 persons and the Tucker Valley Elementary/Middle School and to convey wastewater to the City of Parson's sewage treatment plant for ultimate treatment and discharge.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0105317 dated the 31st day of March 1996, with additional information submitted on the 7th of June 1996 by the Construction Assistance Branch, along with the approvable plans and specifications submitted to the Construction Assistance Branch on the 1st day of August 1996, 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.

(Continued on Page 2)

Page 2 of 9  
Permit No. WV0105317

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 COLLECTION SYSTEM CONSTRUCTED IN ACCORDANCE WITH:  
PLANS, SPECIFICATIONS, AND REPORTS:**

Date Approved: August 1, 1996

Prepared by: Kelley, Gidley, Blair, & Wolfe  
Charleston, WV 25301

Title: Hamrick PSD  
Tucker County, WV  
Blackman Heights Sewage Collection System

Page 3 of 9  
Permit No. WV0105317

## **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) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.
11. **Permit Modification**  
This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22, Article 11, Section 13 of the Code of West Virginia.
12. **Water Quality**  
The effluent or effluents covered by this permit are to be of such quality as do 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 403 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 more 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 apparatuses) which are installed or 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 (N/A)****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 D.3.b) of this permit.

**d) Prohibition of bypass**

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notice 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.a)(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 determinations 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 operating;
- (3) The permittee submitted notice of the upset as required in D.3.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 wastewater) 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.

**5. MONITORING AND REPORTING****1. Representative Sampling**

Samples and measurements taken for the purpose of monitoring shall be representative of the authorized activity.

**2. Reporting**

- a) Permittees shall submit each ~~XXXXXXX~~ <sup>N/A</sup> according to the enclosed format. A Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantity, the value 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.S." (i.e., number exceeding).  
e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 1/month is equivalent to 1 analysis 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 3.6.

**5. Additional Monitoring by Permittee**

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

**6. Records Retention**

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instruments, 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) "In-situ 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 records 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 solids other than the container (or transport); the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-freezing 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 33, 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 agricultural 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 acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-nitro, 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for cadmium;
      - (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 6.4.b.3 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 cadmium;
      - (C) Ten(10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 6.4.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 6.4.b.3 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 procedures.
    - (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 6.4.b.3 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 procedures.
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).

Page 8 of 9  
Permit No. WV0105317

## 7. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. An instantaneous flow from the sewage collection system shall not exceed the peak design flow at any given time.
4. 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.
5. 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.
6. 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.
7. The submission of the Sediment Control Plan and the OWR letter of approval dated the 23rd day of April 1996, and our acceptance, thereof, as terms and conditions of this Permit, expressly requires your compliance with the approved Sediment Control Plan.

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. WV0105317, dated the 31st day of March, 1996; 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. WV0105317, dated the 31st day of March, 1996, 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: *Richard S. [Signature]*  
Chief

BST/zb





RECEIVED

SEP 25 1996

REGION VII  
PLANNING & DEVELOPMENT COUNCILSTATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305GASTON CAPERTON  
GOVERNOR

September 23, 1996

The Honorable James Suesli  
Mayor  
Town of Hambleton  
City Building  
Hambleton, West Virginia 26269

Dear Mayor Suesli:

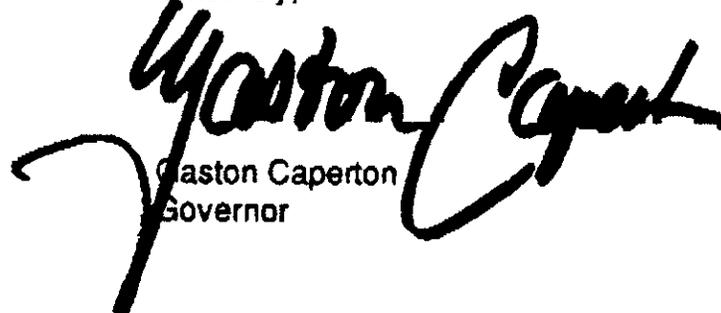
Thank you for your application to the Small Cities Block Grant program for fiscal year 1996.

I am pleased to approve your request in the amount of \$1,250,000. These funds will enable the town of Hambleton and the town of Hendricks to construct a sewer system.

In order to most effectively use the limited dollars available, I hereby commit \$750,000 from our fiscal year 1996 allocation which will be immediately available to you. The remaining \$500,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office, Community Development staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,

  
Gaston Caperton  
Governor

GC:ths

cc: Region VII

33A



West Virginia  
Charleston

SARAH M. MINEAR  
HC 84, Rt. 83  
PARSONS, 26287

June 27, 1996

Karen J. Bonner, Vice-President  
Tucker County Planning Commission  
P. O. Box 226  
Parsons, WV 26287

Dear Mrs. Bonner:

It is a pleasure to inform you that my Budget Digest request in the amount of \$70,000 to pay for the engineering for collection and sewage treatment for Hendricks, Hambleton and Bretz has been approved.

The Legislative Budget becomes effective July 1, 1996. Please be assured I will make every effort to secure this funding for this much needed project as soon as possible.

Anytime I can be of assistance to you, please do not hesitate to contact me.

Sincerely,

Sarah M. Minear  
Senator, 14th District



**HAMRICK PUBLIC SERVICE DISTRICT**  
**SEWER REVENUE BONDS, SERIES 1997 A**  
**(WEST VIRGINIA SRF PROGRAM)**

**BOND RESOLUTION**

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HAMRICK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HAMRICK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$280,159 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (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 HAMRICK 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.      Hamrick Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Tucker County of said State.

B.      The Issuer does not presently own or operate 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 public sewerage facilities to be owned and operated by the Issuer, consisting of a wastewater service line to serve the Blackman

Flats area of Tucker County and the Tucker Valley Middle School, 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"), 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 1997 A (West Virginia SRF Program), in the total aggregate principal amount of not more than \$280,159 (the "Series 1997 A 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 1997 A 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 1997 A 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, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1997 A 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 1997 A 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 1997 A 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"), approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 1997 A Bonds as to liens, pledge and source of and security for payment.

H. The estimated revenues to be derived in each year following 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 Series 1997 A Bonds, and to make payments into the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account and other payments provided for herein, 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 1997 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1997 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1997 A 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 Series 1997 A 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 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 1997 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

"Bond Legislation," "Resolution," "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 1997 A Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by 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 1997 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1997 A 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.

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, 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, 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 any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Hamrick Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Tucker 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 1997 A 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 1997 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1997 A 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 1997 A 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 1997 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1997 A Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the

Authority, fiscal agents, the Depository Bank, 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, 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 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 1997 A 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 Project as described in Section 1.02B hereof.

"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.

"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 in Section 5.01 hereof.

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

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

"Series 1997 A Bonds" means the not more than \$280,159 in aggregate principal amount of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 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 1997 A Bonds in the then current or any succeeding year.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 5.02 hereof.

"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 resolutions authorizing the sale of the Series 1997 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1997 A 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 1997 A Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Account.

"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 \$1,030,159, 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 1997 A 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 to be \$1,030,159, of which approximately \$750,000 will be from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and \$280,159 will be from proceeds of the Series 1996 Bonds.

### 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 1997 A Bonds, funding a reserve account for the Series 1997 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1997 A Bonds of the Issuer. The Series 1997 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program)," in the principal amount of not more than \$280,159, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds remaining after funding of the Series 1997 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1997 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02.      Terms of Bonds. The Series 1997 A 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 1997 A 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 1997 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1997 A 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 1997 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 A Bonds shall be exchangeable at the option and expense of the Registered Owner 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 Series 1997 A Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03.      Execution of Bonds. The Series 1997 A 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 1997 A Bonds shall cease to be such officer of the Issuer before the Series 1997 A 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 1997 A 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 1997 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 A 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 1997 A 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 1997 A 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 1997 A Bonds remain outstanding, the Issuer, through the Bond Registrar as 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 Series 1997 A 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 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account. No holder or holders of the Series 1997 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1997 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1997 A Bonds shall be secured forthwith equally and

ratably with each other by a first lien on the Net Revenues derived from the System. No other indebtedness of the Issuer is secured by a lien on the Net Revenues of the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1997 A 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 1997 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 A 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 1997 A 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 1997 A 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 1997 A Bonds.

Section 3.10.      Form of Bonds. The text of the Series 1997 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
HAMRICK PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1997 A  
(WEST VIRGINIA SRF PROGRAM)

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

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

KNOW ALL MEN BY THESE PRESENTS: That HAMRICK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Tucker County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 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 also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 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 the West Virginia Department of Environmental Protection (the "DEP"), 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 DEP, 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 fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance

hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 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 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, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. No other indebtedness of the Issuer is secured by a lien on the Net Revenues of the System. 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 1997 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, 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 or junior to the Bonds; provided however, that so long as there exists in the Series 1997 A 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 or junior to the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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, HAMRICK 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 1997 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

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	

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 1997 A 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 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; and
- (3) Bond Construction Trust Fund.

Section 5.02.      Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created 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 1997 A Bonds Sinking Fund; and
- (2) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account.

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

- (1) The Issuer shall first each month pay from the Revenue Fund the current Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 A 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 1997 A Bonds Sinking Fund and the next quarterly

principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, from the moneys remaining in 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 any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1997 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1997 A Bonds as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be

deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1997 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account which result in a reduction in the balance of the Series 1997 A Bonds Reserve Account to below the Series 1997 A 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 1997 A Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1997 A 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 parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund or the Series 1997 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1997 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 A Bonds Sinking Fund and the Series 1997 A 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 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if 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 1997 A 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. The Issuer shall also 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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 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 by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## 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 1997 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 A Bonds, there shall first be deposited with the Commission in the Series 1997 A Bonds Sinking Fund, 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 Series 1997 A Bonds for the period commencing on the date of issuance of the Series 1997 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Commission in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds shall be used to fund the Series 1997 A Bonds Reserve Account, if not funded upon issuance of the Series 1997 A Bonds, in an amount not to exceed the Series 1997 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 1997 A Bonds be deposited in the Series 1997 A Bonds Reserve Account.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the moneys therein set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1997 A Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1997 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1997 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:
  - (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
  - (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
  - (C) That each of such costs has been otherwise properly incurred; and
  - (D) That payment for each of the items proposed is then due and owing.

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

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

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01.      General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1997 A 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 1997 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02.      Bonds not to be Indebtedness of the Issuer. The Series 1997 A 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 Series 1997 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1997 A Bonds or the interest thereon.

Section 7.03.      Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1997 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1997 A 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 and approved and described in the Final Order of the Public Service Commission of West Virginia entered May 30, 1996, in Case No. 94-0751-PSD-CN, and such rates are hereby adopted.

Section 7.05.      Sale of the System. So long as the Series 1997 A Bonds are outstanding and 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 Series 1997 A Bonds, immediately be remitted to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1997 A Bonds. Any balance remaining after the payment of the Series 1997 A 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 and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and 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 Series 1997 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1997 A 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 1997 A 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 Series 1997 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1997 A 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, 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 the Series 1997 A 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 1997 A 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 1997 A 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, if any, on the following:

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

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

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

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 revenues of the System is subject to the prior and superior liens of the Series 1997 A Bonds on such revenues. The Issuer shall

not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 A 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 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 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 and the DEP 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 and the DEP, 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 and the DEP, or any other original purchaser of the Series 1997 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1997 A 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 1997 A Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1997 A 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 permit the Authority and the DEP, 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 and the DEP, 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 and the DEP with respect to the System pursuant to the Act.

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.

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 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1997 A Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1997 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1997 A 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 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1997 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year 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 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 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 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 and Operation 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. 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 1997 A 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 1997 A Bonds during the term thereof is, under the terms of the Series 1997 A 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 1997 A 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 1997 A Bonds during the term thereof is, under the terms of the Series 1997 A 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 1997 A 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 1997 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds

used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

**B. PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1997 A 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 1997 A 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 1997 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 Series 1997 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1997 A 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 1997 A Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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. 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 bond 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 as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1997 A Bonds from gross income for federal income tax purposes.

Section 8.02.      Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1997 A Bonds which would cause the Series 1997 A 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 1997 A Bonds) so that the interest on the Series 1997 A 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 1997 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1997 A 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.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 A Bonds. In the event of a failure to pay the correct rebate amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States such amount or amounts, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and 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 relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any 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 Series 1997 A Bonds subject to rebate. The Issuer shall also furnish 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 1997 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1997 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1997 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1997 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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.

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 Holders of the Series 1997 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1997 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1997 A Bonds from gross income for federal income tax purposes.

Series 1997 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying 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 1997 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1997 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1997 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1997 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1997 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1997 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1997 A 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 1997 A 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, if any, 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 1997 A 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 1997 A 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 Supplemental Resolution, or the Series 1997 A 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.

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

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

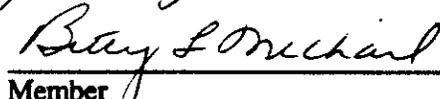
- (a) The maximum amount of the Series 1997 A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1997 A Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged 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 10th day of February, 1997.

  
Chairman

  
Member

  
Member

**CERTIFICATION**

Certified a true copy of a Resolution duly adopted by the Public Service Board of HAMRICK PUBLIC SERVICE DISTRICT on the 10th day of February, 1997.

Dated: February 11, 1997.

[SEAL]

  
Secretary, Public Service Board

01/08/97  
HMKJM.A5  
373420/95001

**EXHIBIT A**

**Loan Agreement included in bond transcript as Document 3.**

HAMRICK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A  
(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 1997 A (WEST VIRGINIA SRF PROGRAM), OF HAMRICK PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Hamrick Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective February 10, 1997 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HAMRICK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$280,159 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (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 meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Bonds" or the "Series 1997 A Bonds"), of the Issuer, in an aggregate principal amount not to exceed \$280,159, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated December 20, 1996 (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 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  
HAMRICK SERVICE DISTRICT:**

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, originally

represented by a single Bond, numbered AR-1, in the principal amount of \$280,159. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2018, and shall bear no interest. The principal of the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1998, and ending March 1, 2018, 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, as long as the Authority shall be the registered owner of the Bonds. The Issuer does hereby approve and shall pay the administrative fee equal to 1% of the principal amount of the Series 1997 A 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 Resolution.

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

**Section 4.** The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve 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 under the Resolution.

**Section 6.** The Issuer does hereby appoint Citizens National Bank, Parsons, West Virginia, to serve as Depository Bank under the Resolution.

**Section 7.** Series 1997 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1997 A Bonds Sinking Fund as capitalized interest.

**Section 8.** Series 1997 A Bonds proceeds in the amount of \$14,008 shall be deposited in the Series 1997 A Bonds Reserve Account.

**Section 9.** The balance of the proceeds of the Series 1997 A Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1997 A Bonds.

**Section 10.** The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1997 A Bonds hereby and by the Resolution approved and provided for, to the end that the Series 1997 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about February 11, 1997.

**Section 11.** The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 1997 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

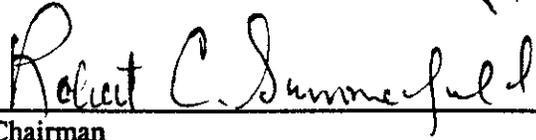
**Section 12.** The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, 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 by the Issuer. Moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

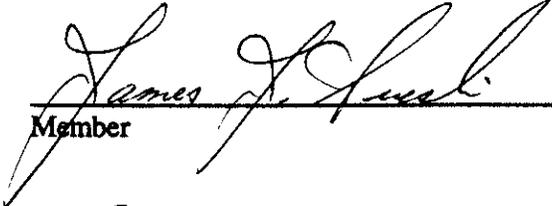
**Section 13.** The Issuer shall not permit at any time or times any of the proceeds of the Series 1997 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 1997 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of February, 1997.

HAMRICK PUBLIC SERVICE DISTRICT

  
Chairman

  
Member

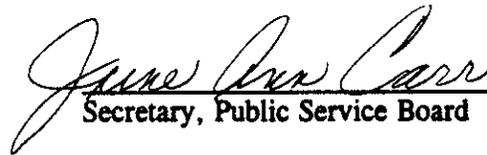
  
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of HAMRICK PUBLIC SERVICE DISTRICT on the 10th day of February, 1997.

Dated: February 11, 1997.

[SEAL]

  
Secretary, Public Service Board

01/08/97  
HMKJM.B2  
373420/95001





State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**

180 Association Drive  
Charleston WV 25311-1571

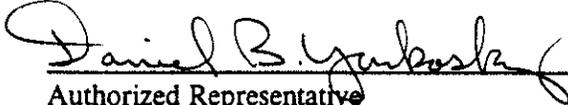
Telephone (304) 558-3612  
Telecopier (304) 558-0299

January 20, 1998

Hamrick Public Service District  
Sewer Revenue Bonds,  
Series 1998 A (West Virginia SRF Program) and  
Series 1998 B (West Virginia Infrastructure Fund)

**TO WHOM IT MAY CONCERN:**

The undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1997 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1998 A (West Virginia SRF Program), in the original aggregate principal amount of not to exceed \$200,000, and Sewer Revenue Bonds, Series 1998 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of not to exceed \$1,550,000 (collectively, the "Bonds"), by Hamrick Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated February 11, 1997 (the "Series 1997 A Bonds").

  
Authorized Representative



AGREEMENT

THIS AGREEMENT, made this the 14<sup>th</sup> day of January, 1997, by and between the City of Parsons, Tucker County, West Virginia, a municipal corporation, hereinafter designated as TOWN and the Hamrick Public Service District, Tucker County, West Virginia, a public corporation, of the State of West Virginia, hereinafter designated as DISTRICT.

WITNESSETH:

WHEREAS, the CITY owns and is responsible for the operation of a sanitary sewer system and wastewater treatment plant. Further, the DISTRICT is currently attempting to construct it's first sanitary sewer system and that such system does not have a wastewater treatment plant.

WHEREAS, the CITY'S wastewater treatment plant and transportation system have an adequate design capacity to handle the DISTRICT and the CITY agrees to reserve an adequate portion of the design capacity for use by the CITY and DISTRICT subject to the terms set forth herein; and

WHEREAS, the DISTRICT desires to connect to the wastewater treatment plant of the CITY and to be provided with secondary treatment of wastewater delivered to the CITY'S wastewater treatment plant by the DISTRICT; and

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The DISTRICT shall design and cause to be constructed, at their sole cost, a sanitary sewer system meeting generally accepted sanitary engineering standards which will

collect and transport sewage from within the boundaries of the DISTRICT to the CITY'S wastewater treatment plant to be connected to the wastewater treatment plant of the CITY in Tucker County, West Virginia, prepared by Thrasher Engineering, Inc., the DISTRICT'S consulting engineer. The DISTRICT shall further limit the total amount of flow discharged into the CITY'S wastewater collection system to a maximum flow of 190 gallons per minute not to exceed 90,000 gallons per day. The DISTRICT agrees to hold the TOWN harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the CITY causes of action, suits, claims, demands, administrative adjudications, and judgments of any nature arising from the DISTRICT exceeding the 190 gallons per minute and the maximum of 90,000 gallons per day limitation heretofore established. The DISTRICT shall further limit the amount of infiltration and inflow which will be permitted in the DISTRICT'S newly constructed sanitary sewer collection system to zero (0) gallons of inflow and Two Hundred (200) gallons per inch diameter mile of infiltration per day during final inspection and testing of the sanitary sewer collection system.

The DISTRICT shall further attempt to monitor their sewer collection system for any extraneous fluids or substances and to perform regular maintenance to minimize the effect of such introduction of such fluids or substances.

2. The CITY shall receive, treat and dispose of the

wastewater from the DISTRICT, at the CITY'S Wastewater Treatment Plant, in such manner, and according to such standards, as are required of a sanitary sewage treatment facility. The CITY shall maintain responsibility for discharge of treatment wastewater in accordance with State and Federal laws and regulations. The DISTRICT shall be liable for any fines and/or penalty incurred as a result of discharge violations occurring at the CITY'S Wastewater Treatment Plant that are a direct result of the introduction of prohibited materials into the DISTRICT'S collection system. Prohibited materials shall mean any fluids or substances except domestic sewage. It is expressly understood that no septic system dumping or dumping service shall be allowed to utilize the collection system of the DISTRICT. The CITY shall have the right to monitor the DISTRICT's wastewater by random sampling and analysis for compliance with this provision. The DISTRICT shall adopt a Sewer Use Ordinance in accordance with Federal and State guidelines which sets forth restrictive covenants as it may relate to a sanitary sewer system.

3. The DISTRICT wastewater is to be metered by a flowmeter installed at the point of discharge into the CITY wastewater collection system. The DISTRICT shall be responsible for all costs associated with the installation of the flowmeter and any costs incurred as a result of the operation of the flowmeter and any costs incurred as a result of the operation and maintenance of the flowmeter. The CITY shall have the right to jointly read the DISTRICT flowmeter and the CITY shall have

access to the DISTRICT'S flowmeter upon reasonable notice to the DISTRICT, to inspect and insure accuracy of the measurements of the wastewater flow into the CITY'S wastewater collection system. The rate for treatment of the DISTRICT'S wastewater by the CITY shall be based upon the metered water usage of the customers of the DISTRICT and provided to the CITY by the DISTRICT, without cost, on a monthly basis and it shall be calculated upon a per thousand gallon of metered water usage basis. The rate to the DISTRICT which shall be charged shall be based upon per gallon of metered water usage basis. Said cost of service shall be subject to review and approval by the Public Service Commission of West Virginia. The rate determined by the cost of service will be reflected in the CITY'S tariff on file with the Public Service Commission of West Virginia. In the event the DISTRICT does not bill its customers for sanitary sewage service in a particular month or months, the DISTRICT will pay the CITY a charge equal to the average monthly amount billed by the CITY to the DISTRICT for prior wastewater treatment and disposal service. The rate charged by the CITY to the DISTRICT reflects the total cost of said transportation and treatment on a per thousand gallon of metered water usage basis and includes a pro rata share of the treatment plant, as well as, administration, operation, maintenance and any additional cost of service costs, including any and all legal, engineering and administrative fees incurred by the CITY as a result of this Agreement. All new modifications of the CITY'S

system required to accommodate the DISTRICT must be approved by the West Virginia Department of Commerce, Labor, and Environmental Resources, Division of Environmental Protection.

4. The DISTRICT will obtain adequate insurance and shall keep in force, pay and will protect indemnify and hold the CITY harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of actions, suits, claims, demands and judgments of any nature arising from the negligence of DISTRICT.

(1) any injury to or death of any person or damage to property in or upon the CITY'S property or facilities, or growing out of or connected with the use, non-use, condition or occupancy of the said CITY'S property or facilities or a part thereof; such injuries and/or damage shall include any and all injuries or damage which may occur due to any failure or malfunction of the CITY'S system caused by any flood, hailstorm, windstorm, Act of God, and any and all unprecedented meteorological events; any repairs, construction or alterations or remodeling thereto as performed by the CITY, their authorized agents or servants, excluding the DISTRICT or its agents or servants, or the condition of the CITY'S property or facilities and any equipment or facilities at any time located on the CITY'S property or under the CITY'S control and used in connection therewith;

(2) violation of any agreement, warranty or covenants.

The intent of this paragraph is that neither party will subsidize the other's capital or operation expenses and that all parties shall mutually benefit from this Agreement.

5. The parties hereto shall, upon request, provide the other with an annual audit approved by the West Virginia Public Service Commission and related information as may be required.

6. The parties hereto shall meet on an as needed basis at a specifically designated meeting called for such purpose at a mutually agreed upon time, to be held at the business office of the CITY, to discuss business, rates, communications, complaints, suggestions, and any related matters, between the parties, with at least one meeting per fiscal year to be held not later than thirty (30) days after the parties herein have submitted their annual audit and report to the Public Service Commission of West Virginia.

7. The DISTRICT shall not exceed the limitation of wastewater per day into the CITY'S wastewater treatment plant and collection system as set forth in Paragraph 1 of this Agreement.

8. This Agreement is made by the parties hereto subject to the review and approval of the Public Service Commission of the State of West Virginia and likewise all modifications made to this Agreement and pursuant to its terms shall be subject to the same review and approval.

9. The length and duration of this Agreement, subject

to the provisions hereof, shall begin on the date as first written above, and shall continue from year to year for a minimum term of forty (40) years, or until terminated by mutual agreement of the parties hereto.

10. For treatment services rendered by the CITY to the DISTRICT under this Agreement, the DISTRICT shall, on a monthly basis, make payable to the CITY on or before the 10th day of a calendar month for all amounts billed by the CITY on the 1st day of the next immediately preceding calendar month. If payment is not received by the CITY within the time and in the manner prescribed in the next preceding sentence, a penalty of 10% shall be added to the net amount thereof. The DISTRICT agrees that they will bill all its sewer customers on the first day of each calendar month for sewer services as based on the next immediately preceding water meter reading.

11. In the event the DISTRICT fails to perform any other term, obligation, or condition of this Agreement, the result of which is likely to cause irreparable harm or injury to the CITY'S facilities or otherwise constitutes an emergency situation and the DISTRICT fail to correct such condition or default within fifteen (15) days, unless a shorter time is deemed necessary by the CITY, after written notice by CITY specifying such default, then the CITY shall have the right to undertake such corrective action and the DISTRICT shall be responsible for all costs and expenses incurred by the CITY or shall reimburse the CITY for such costs and expenses. In the event

the DISTRICT fails to make any payment due hereunder 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 term, obligation, or condition of this Agreement, and fails to correct such other default or to commence correction of such default if corrections shall require more than twenty (20) days, the CITY shall have the right to require specific performance by the DISTRICT or the right to seek damages against the DISTRICT through the institution of a civil action against the DISTRICT in a Court of competent jurisdiction. If the parties named herein bring an action or proceeding to enforce the terms herein or declaring the rights hereunder, the prevailing party in any such action or proceeding shall be entitled to reasonable attorney's fees and costs to be paid by the losing party as determined by said Court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

CITY OF PARSONS, TUCKER COUNTY,  
WEST VIRGINIA, a municipal  
corporation

Wanda Gail Blume

By John H. Wilson  
Its Mayor

ATTEST:

HARRICK PUBLIC SERVICE DISTRICT,  
a public utility

James Lee Cass

By Robert P. Dunning  
Its Chairman