

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

Date of Closing: May 5, 1988

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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

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05/04/88  
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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer does not presently own or operate a public sewage treatment, collection or transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewerage facilities of the Issuer, consisting of small diameter and gravity collection lines, pump stations and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the Project and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$7,049,982, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$3,500,000 in two series, being the Series 1988 A Bonds in the aggregate principal amount of not more than \$2,500,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than \$1,000,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than \$4,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection

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

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") both dated April 29, 1988, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1988 B Bonds shall be junior and subordinate to the Series 1988 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a

contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

"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 Howard, Needles, Tammen & Bergendoff, Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

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

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

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

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1988 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1988 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

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

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

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

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

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

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

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A Bonds ratably as original proceeds of the Series 1988 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1988 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1988 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1988 A Bonds; and

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

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

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

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

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

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

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated April 29, 1988, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

"Net Proceeds" means the face amount of the Series 1988 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds 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 1988 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 of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

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

"Notes" or "GAN" means collectively, the not more than \$4,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$4,000,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

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

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

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

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$2,500,000 in aggregate principal amount of Series 1988 A Bonds and the not more than \$1,000,000 in aggregate principal amount of Series 1988 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, Young Moore & Company (a Division of Tucker Anthony and R. L. Day, Inc.), of Charleston, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

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

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in

Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

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

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

"Project" means the acquisition and construction of certain sanitary sewerage facilities of the Issuer, consisting of small diameter and gravity collection lines, pump stations and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1988 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1988 A Bonds of each maturity is sold or, if the Series 1988 A Bonds are privately placed, the price paid by the first buyer of the Series 1988 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the

Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A Bonds.

"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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

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

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

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

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

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

"Series 1988 A Bonds" or "Series A Bonds" means the not more than \$2,500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established in the Series 1988 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 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 1988 A Bonds in the then current or any succeeding year.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Sinking Fund established by Section 5.02 hereof.

"Series 1988 B Bonds" or "Series B Bonds" means the not more than \$1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 B, of the Issuer.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established in the Series 1988 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 B Bonds in the then current or any succeeding year.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

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

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

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

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

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1988 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION  
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$7,049,982, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1988 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$3,500,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1988 A," in the aggregate principal amount of not more than \$2,500,000, and "Sewer Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than \$1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1988 B Bonds to be Junior and Subordinate to Series 1988 A Bonds. The payment of the debt service of all the Series 1988 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1988 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1988 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1988 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1988 A

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

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

KNOW ALL MEN BY THESE PRESENTS: That JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jefferson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_

(\$ \_\_\_\_\_), in installments on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for approximately \_\_\_\_\_ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1988 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a

parity with the Bonds or the Series 1988 B Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, JEFFERSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1988.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

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

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

\_\_\_\_\_

[Form of Series 1988 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1988 B

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

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

KNOW ALL MEN BY THESE PRESENTS: That JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jefferson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_

(\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 1988 (collectively

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

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds herein described and to all moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Bonds"), and unexpended proceeds of the Bonds of this series. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such

percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

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

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

IN WITNESS WHEREOF, JEFFERSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated \_\_\_\_\_, 1988.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

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

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

\_\_\_\_\_

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

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$4,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

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

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds, if any, and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding

notes to the bank issuing such letter of credit. Any such letter of letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

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

- (1) Series 1988 A Bonds Sinking Fund;
  - (a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account.
- (2) Series 1988 B Bonds Sinking Fund;
  - (a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1988 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1988 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1988 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1988 A Bonds Reserve Account. All funds in the Renewal and

Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 B Bonds Reserve Requirement.

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall

become due. Moneys in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

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

Any withdrawals from the Series 1988 A Bonds Reserve Account which result in a reduction in the balance of the Series 1988 A Bonds Reserve Account to below the Series 1988 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1988 A Bonds Sinking Fund, or the Series 1988 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1988 A Bonds, there shall first be deposited with the Commission in the Series 1988 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1988 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1988 A Bonds, there shall be deposited with the Commission in the Series 1988 A Bonds Reserve Account and from the proceeds of the Series 1988 B Bonds, there shall be deposited with the Commission in the Series 1988 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1988 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1988 A Bonds, and thereafter for the Series 1988 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1988 A Bonds Reserve Account, and when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1988 B Bonds.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1988 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1988 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered March 30, 1988 (Case No. 87-436-S-CN).

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

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

with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1988 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are

junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1988 A Bonds and the Series 1988 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1988 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1988 A Bonds, unless the Series 1988 B Bonds are no longer outstanding.

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

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

- (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 and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1988 A Bonds and the Series 1988 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1988 A Bonds or the Series 1988 B Bonds.

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

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

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

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

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

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

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

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

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall

be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

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

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(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 in the full insurable value thereof, 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 \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(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, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. 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 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

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

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

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

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the

tax-exempt status of the 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 those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1988 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1988 B Bonds.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with

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

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than \$100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment

Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with

the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

I. REPORTING TO AUTHORITY. The Issuer shall 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 relating thereto as may be requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

(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.

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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 Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1988 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System 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 do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for

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

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

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

## ARTICLE X

### DEFEASANCE

Section 10.01. Defeasance of Series 1988 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1988 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 1988 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 1988 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 1988 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

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

Section 10.02. Defeasance of Series 1988 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest, if any, on such Series 1988 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest, if any, due and to become due on said Series 1988 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest, if any, on said Series 1988 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of

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

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

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1988 A Bonds or the Series 1988 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds and the Notes from gross income of the Holders thereof.

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

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

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

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

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

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

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

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

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

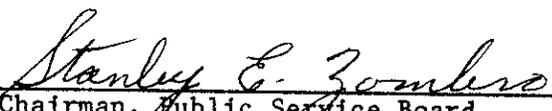
(c) The public service properties to be acquired or constructed and the cost of the same;

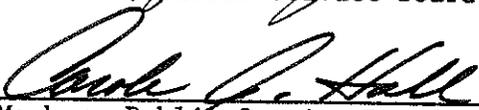
(d) The maximum anticipated rates which will be charged by the Issuer; and

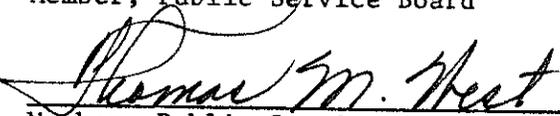
(e) The date that the formal application for a certificate of convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 2nd day of May, 1988.

  
Chairman, Public Service Board

  
Member, Public Service Board

  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Jefferson County Public Service District on the 2nd day of May, 1988.

Dated: May 5, 1988.

[SEAL]

Charles P. Hall  
Secretary, Public Service Board

05/04/88  
JEFF3/4-A/A



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Jefferson County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective May 2, 1988 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$2,500,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than \$2,000,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than \$500,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated April 29, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated April 29, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,703,069. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1988, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$425,767. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference.

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

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

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

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

Section 6. The Issuer does hereby appoint Blakely Bank & Trust Co., Ranson, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1988 A Bonds proceeds in the amount of \$ 127,730 shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority, and any borrowings incurred for the purpose of paying costs of design of the Project.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 5, 1988, to the Authority pursuant to the Loan Agreement.

Section 12. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public

purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

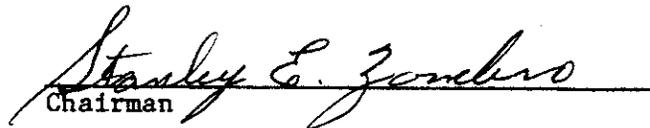
Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed by the Issuer.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 2nd day of May, 1988.

JEFFERSON COUNTY PUBLIC SERVICE  
DISTRICT

  
Chairman

05/04/88  
JEFF4-B



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LOAN AGREEMENT

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

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed

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

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

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

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

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(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, 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), 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 Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

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

#### ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority; and

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

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

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of

loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Jefferson County Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By Stanley E. Zombero  
Its Chairman

Attest:

Date: April 25, 1988

Carol G. Hall  
Its Secretary

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By Edgar M. Henry  
Director

Attest:

Date: 4/29/88

Daniel B. Yankoski  
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

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

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

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

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

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

3. The Governmental Agency is a duly organized and presently existing \_\_\_\_\_

\_\_\_\_\_, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

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

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

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

Very truly yours,

WDA-5X  
(March 1988)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 1,703,069  
Purchase Price of Local Bonds \$ 1,703,069

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.0 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

JEFFERSON COUNTY PSD (SEWER) TOTAL BORROWING  
 ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER  
 -----1988 SERIES A BONDS -----

| PERIOD | ENDING | 10/1 COUPON PRIN. | INTEREST     | DEBT SERVICE |
|--------|--------|-------------------|--------------|--------------|
| 1988   | 9.00   |                   | 62,162.02    | 62,162.02    |
| 1989   | 9.00   |                   | 153,276.21   | 153,276.21   |
| 1990   | 9.00   | 5,511             | 153,276.21   | 158,787.21   |
| 1991   | 9.00   | 6,007             | 152,780.22   | 158,787.22   |
| 1992   | 9.00   | 6,547             | 152,239.59   | 158,786.59   |
| 1993   | 9.00   | 7,136             | 151,650.36   | 158,786.36   |
| 1994   | 9.00   | 7,778             | 151,008.12   | 158,786.12   |
| 1995   | 9.00   | 8,478             | 150,308.10   | 158,786.10   |
| 1996   | 9.00   | 9,241             | 149,545.08   | 158,786.08   |
| 1997   | 9.00   | 10,074            | 148,713.39   | 158,787.39   |
| 1998   | 9.00   | 10,980            | 147,806.73   | 158,786.73   |
| 1999   | 9.00   | 11,967            | 146,818.53   | 158,785.53   |
| 2000   | 9.00   | 13,046            | 145,741.50   | 158,787.50   |
| 2001   | 9.00   | 14,219            | 144,567.36   | 158,786.36   |
| 2002   | 9.00   | 15,500            | 143,287.65   | 158,787.65   |
| 2003   | 9.00   | 16,894            | 141,892.65   | 158,786.65   |
| 2004   | 9.00   | 18,414            | 140,372.17   | 158,786.17   |
| 2005   | 9.00   | 20,071            | 138,714.93   | 158,785.93   |
| 2006   | 9.00   | 21,878            | 136,908.54   | 158,786.54   |
| 2007   | 9.00   | 23,846            | 134,939.52   | 158,785.52   |
| 2008   | 9.00   | 25,992            | 132,793.38   | 158,785.38   |
| 2009   | 9.00   | 28,332            | 130,454.10   | 158,786.10   |
| 2010   | 9.00   | 30,882            | 127,904.22   | 158,786.22   |
| 2011   | 9.00   | 33,661            | 125,124.84   | 158,785.84   |
| 2012   | 9.00   | 36,691            | 122,095.35   | 158,786.35   |
| 2013   | 9.00   | 39,993            | 118,793.16   | 158,786.16   |
| 2014   | 9.00   | 43,593            | 115,193.79   | 158,786.79   |
| 2015   | 9.00   | 47,516            | 111,270.42   | 158,786.42   |
| 2016   | 9.00   | 51,792            | 106,993.98   | 158,785.98   |
| 2017   | 9.00   | 56,453            | 102,332.70   | 158,785.70   |
| 2018   | 9.00   | 61,535            | 97,251.93    | 158,786.93   |
| 2019   | 9.00   | 67,074            | 91,713.78    | 158,787.78   |
| 2020   | 9.00   | 73,109            | 85,677.12    | 158,786.12   |
| 2021   | 9.00   | 79,690            | 79,097.31    | 158,787.31   |
| 2022   | 9.00   | 86,857            | 71,925.21    | 158,782.21   |
| 2023   | 9.00   | 94,679            | 64,108.08    | 158,787.08   |
| 2024   | 9.00   | 103,201           | 55,586.97    | 158,787.97   |
| 2025   | 9.00   | 112,488           | 46,298.88    | 158,786.88   |
| 2026   | 9.00   | 122,612           | 36,174.96    | 158,786.96   |
| 2027   | 9.00   | 133,648           | 25,139.88    | 158,787.88   |
| 2028   | 9.00   | 145,684           | 13,111.56    | 158,795.56   |
|        |        | 1,703,069         | 4,705,050.52 | 6,408,119.52 |

SCHEDULE Y  
REVENUES

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

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

SCHEDULE 2

Additional and Supplemental Definitions

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

Additional Conditions and Covenants

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

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

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

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

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

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

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

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

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

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

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

DATE: May 4, 1988

SCHEDULE A  
NAME OF GOVERNMENTAL AGENCY: JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
ESTIMATED TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

|   |               |              |              |
|---|---------------|--------------|--------------|
| 1. Construction   |               | \$ 5,308,478 |              |
| 2. Technical Services   |               | \$ 897,432   |              |
| 3. Legal and Fiscal   |               | \$ 13,317    |              |
| 4. Administrative   |               | \$ 64,684    |              |
| 5. Site and Other Lands   |               | \$ 38,477    |              |
| 6. Step I and/or Step II (Design)<br>or Other Loan Repayment<br>(Specify Type: _____) | WDA Loan      | 29,336       |              |
|   | Blakeley Bank | \$ 402,834   |              |
| 7. Interim Financing Costs  |               | \$ 30,000    |              |
| 8. Contingency  |               | \$ 245,598   |              |
| 9. Total of Lines 1 through 8   |               |              | \$ 7,030,156 |

B. Sources of Funds

|  |             |              |              |
|--|-------------|--------------|--------------|
| 10. Federal Grants: <sup>1</sup><br>(Specify Source)               | Step II/III | \$ 4,949,550 |              |
| 11. State Grants: <sup>1</sup><br>(Specify Source)                 | _____       | \$ _____     |              |
|  | _____       | \$ _____     |              |
|  | _____       | \$ _____     |              |
| 12. Other Grants: <sup>1</sup><br>(Specify Source)                 | _____       | \$ _____     |              |
|  | _____       | \$ _____     |              |
| 13. Any Other Source <sup>2</sup><br>(Specify)                     | Tap Fees    | \$ 89,500    |              |
|  | _____       | \$ _____     |              |
| 14. Total of Lines 10 through 13                                   |             |              | \$ 5,039,050 |
| 15. Net Proceeds Required from Bond Issue<br>(Line 9 less Line 14) |             |              | \$ 1,991,106 |

C. Cost of Financing

|  |              |            |              |
|--|--------------|------------|--------------|
| 6. Capitalized Interest<br>(construction period plus six months) |              | \$ 127,730 |              |
| 7. Funded Reserve Account <sup>3</sup>                           |              | \$ _____   |              |
| 8. Other Costs: <sup>4</sup>                                     | BOND COUNSEL | \$ 10,000  |              |
|  |              | \$ _____   |              |
| 9. Total Cost of Financing                                       |              |            | \$ 137,730   |
| 0. Size of Bond Issue (Line 15 plus Total from Line 19)          |              |            | \$ 2,128,836 |

1 Attach supporting documentation not previously submitted. If not yet  
2 available, state such and expectations as to availability.  
3 For example, interest earnings during construction, if applicable.  
4 Include the proceeds of any parity or subordinate bond issue to be  
used for such purpose and attach supporting documentation if available  
(if not yet available, state such and expectations as to availability).  
Consult with bond counsel and the Authority before assuming a funded  
reserve.  
For example, fees of bond counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets  
attached to Amended Schedule A.

  
APPLICANT

  
CONSULTING ENGINEER



SUPPLEMENTAL LOAN AGREEMENT

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

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions; Loan Agreement

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

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

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III

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

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the

date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

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

(c) The Governmental Agency shall 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 Supplemental 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;

(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, 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 Supplemental 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), 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 Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

simultaneously with the delivery of the Local Bond to the Authority.

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

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State, the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

#### ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of

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

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

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

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

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

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

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

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

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

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owners of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

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

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

#### ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

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

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

#### ARTICLE VI

##### Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Jefferson County Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By Stanley E. Zombero  
Its Chairman

Attest:

Date: April 25, 1988

Charles R. Hall  
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar N. Henry  
Director

Attest:

Date: 4/29/88

Daniel B. Gantwerker  
Secretary-Treasurer

WDA-Supp. 5X  
(March 1988)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

|  |                   |
|--|-------------------|
| Principal Amount of Supplemental Bonds | \$ <u>425,767</u> |
| Purchase Price of Supplemental Bonds   | \$ <u>425,767</u> |

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

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

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

. EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

Year

Installment

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT 1  
DEBT SERVICE SCHEDULE

## ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER

-----1988 TRIES A BONDS -----

ZERO

COUPON

BONDS  
-----

|      |           |
|------|-----------|
| 1988 |           |
| 1989 |           |
| 1990 | 10,917.00 |
| 1991 | 10,917.00 |
| 1992 | 10,917.00 |
| 1993 | 10,917.00 |
| 1994 | 10,917.00 |
| 1995 | 10,917.00 |
| 1996 | 10,917.00 |
| 1997 | 10,917.00 |
| 1998 | 10,917.00 |
| 1999 | 10,917.00 |
| 2000 | 10,917.00 |
| 2001 | 10,917.00 |
| 2002 | 10,917.00 |
| 2003 | 10,917.00 |
| 2004 | 10,917.00 |
| 2005 | 10,917.00 |
| 2006 | 10,917.00 |
| 2007 | 10,917.00 |
| 2008 | 10,917.00 |
| 2009 | 10,917.00 |
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| 2011 | 10,917.00 |
| 2012 | 10,917.00 |
| 2013 | 10,917.00 |
| 2014 | 10,917.00 |
| 2015 | 10,917.00 |
| 2016 | 10,917.00 |
| 2017 | 10,917.00 |
| 2018 | 10,917.00 |
| 2019 | 10,917.00 |
| 2020 | 10,917.00 |
| 2021 | 10,917.00 |
| 2022 | 10,917.00 |
| 2023 | 10,917.00 |
| 2024 | 10,917.00 |
| 2025 | 10,917.00 |
| 2026 | 10,917.00 |
| 2027 | 10,917.00 |
| 2028 | 10,921.00 |

-----  
425,767.00

SCHEDULE Y  
REVENUES

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

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

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

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

Additional Conditions and Covenants

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

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

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

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

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

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



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PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: March 21, 1988

FINAL

3-30-88

*By Commission Order  
Drawing exceptions*

CASE NO. 87-436-S-CN

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,  
a public utility, Ranson, Jefferson  
County.

Application for a certificate of  
convenience and necessity to construct  
sewerage facilities in Jefferson County,  
and for approval of rates and charges.

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

On February 12, 1988, Jefferson County Public Service District filed an application for a certificate of convenience and necessity to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of small diameter collection lines, gravity collection lines, pump stations, and all appurtenant facilities in Jefferson County, West Virginia.

By order entered February 17, 1988, the matter was set for hearing to be held in the Lion's Center in the City of Ranson, on March 9, 1988, to commence at 9:30 a.m. The Applicant was required to publish notice of the filing of the application and the time and place of hearing, by publishing a copy of the order in a newspaper duly qualified by the Secretary of State, published and of general circulation in Jefferson County, and to post a copy of the order in conspicuous places where bills for sewer service are paid for a period of ten (10) days prior to March 3, 1988.

Notice was posted and published as required in The Spirit of Jefferson Advocate, a newspaper published in Charles Town, Jefferson County, on

February 18 and 25, 1988, as indicated by a Certificate of Publication filed herein on March 9, 1988. No written protest was filed to the granting of said application.

The hearing was held as scheduled on March 9, 1988, at 9:30 a.m., EST. The Applicant was represented by T. D. Kauffelt, Esq., and Mark E. Kauffelt, Esq. The Staff of the Public Service Commission was represented by J. Steven Hunter, Esq., David Glover, Esq. and Robert Williams, Esq. There were no protestants, intervenors or other appearances. Upon completion of the hearing, the matter was continued until Staff had an opportunity to make further review of the Applicant's case. After an additional hearing held on March 16, 1988, the matter was submitted for decision.

DISCUSSION OF THE EVIDENCE  
INCLUDING FINDINGS OF FACT

Jefferson County Public Service District (Applicant or District) proposes to construct a sanitary sewer collection system designed to initially serve approximately 820 residential customers and 21 commercial customers in that portion of Jefferson County in the general vicinities of Charles Town and Ranson. Generally, the area to be served will include areas north and south of Charles Town along State Routes 9, 340 and 17, adjacent to and in the vicinities of Charles Town and Ranson. (Tr., pp. 60, 88, 89).

The facilities' plans and specifications were prepared by the engineering firm of Howard, Needles, Tammer & Bergendoff of Charleston, West Virginia, and have been approved by the Environmental Protection Agency (EPA) and the Department of Natural Resources (DNR). (Tr., pp. 56-60, 64). The proposed project consists of five contracts which may be generally described as follows:

CONTRACT #1 - Consists of 4,265 LF of 4" gravity sewer, 2,230 LF of 8" gravity sewer, 29 septic tanks, 37 manholes, 10,260 of force main and appurtenances.

CONTRACT #2 - Consists of 19,643 LF of 8" gravity sewer, 1,453 LF of 10" gravity sewer, 5,035 LF of 12" gravity sewer, 1,420 LF of force main, 126 manholes, and appurtenances.

CONTRACT #3 - Consists of 5,500 LF of 4" gravity sewer, 4,894 LF of 8" gravity sewer, 23 manholes, 23 septic tanks, 7,741 LF of force main and appurtenances.

CONTRACT #4 - Consists of 3,212 LF of 4" gravity sewer, 18,763 LF of 8" gravity sewer, 4,988 LF of 10" gravity sewer, 5,348 LF of force main, 133 manholes and appurtenances.

CONTRACT #5 - Consists of supplying and installing 19 pump stations, supply and install flow monitoring equipment and appurtenances.

(See, Application filed February 12, 1988, p. 2).

Treatment will be provided by the City of Charles Town pursuant to an Intergovernmental Agreement between the City of Charles Town, the City of Ranson and the Jefferson County Public Service District. (Tr., pp. 62,63). A copy of the Agreement was submitted in evidence as Applicant's Exhibit No. 3. (Tr., p. 170). The Agreement has been submitted to the Commission for approval in Case No. 88-089-S-CN, Application for a Certificate filed by the City of Charles Town to upgrade its treatment plant, in part, to provide treatment service to the District. (Tr., pp. 62-64). The Agreement is subject to further modifications in accordance with Staff recommendations, and which will be more fully addressed in that case.

The total project cost, based on bids opened December 17, 1987 and as revised during the course of this proceeding, is estimated to be \$7,223,482. The District contemplates financing the project with an EPA

Grant of \$4,935,408, Water Development Authority (WDA) Bonds of \$2,198,573 and Tap Fees of \$89,500. (Staff's Post-Hearing Exh. No. 3).

Interim financing for the project will be provided by the issuance of Grant Anticipation Notes (GANs). The District elected to use this means of providing funds during construction upon the advice of Young Moore & Company and Steptoe & Johnson, Bond Counsel. (Tr., pp. 141-142; Applicant's Exhs. Nos. 2 and 4). If, at the time of financing, it is determined that GANS are not in the best interest of the District, then, it will use a bank line of credit. The District originally proposed a line of credit of \$1,000,000 but, however, it is willing to accept Staff's recommendation that the line of credit be increased to \$1.7 million. (Tr., pp. 180-182).

Financing in the amount of \$2,198,573 by the issuance of WDA bonds at an interest rate not to exceed 8%, is not firm. However, the District is confident that such financing may be confirmed within the near future. Mr. Stein, the District's Manager, testified that WDA is going to wait a short time before marketing its bonds, hoping for a better interest rate. (Tr., pp. 143-144, 156-157).

The annual debt service requirements for the proposed financing has been calculated by Staff in the amount of \$203,826. This figure includes \$185,296 for the payment of principal and interest and \$18,530 for debt service reserve. The calculation is based on data submitted to Staff during and subsequent to the proceedings held herein. (Staff's Post-Hearing Exh. No. 2, dated March 17, 1988).

The revenue requirements for operating and maintenance expenses were also recalculated by Staff and result in a reduction of \$37,701 in O&M expenses, as originally projected by the Applicant. The revised O&M

expenses were reduced from \$256,933, as projected by the Applicant, to \$219,232. (Staff's Post-Hearing Exh. No. 1).

Staff has recommended and designed rates that are sufficient to cover O&M expenses, debt service and provide the coverage required by WDA. (See, Appendix B). The rates and charges recommended by Staff represent a reduction from \$7.77 to \$7.45 per 1,000 gallons and a reduction in the minimum charge from \$19.43 to \$18.63 per month. The unmetered rate has been reduced from \$34.97 to \$33.53 per month.

The cash flow analysis for the first year of operation reflects that the rates and charges recommended by Staff will generate \$436,203 in operating revenues and will provide a surplus of \$3,740 and coverage of 118%, after the payment of operation and maintenance expenses and taxes totalling \$219,232 and debt service requirements totalling \$203,826. (See, Appendix A).

The debt coverage exceeds the WDA minimum coverage requirement of 115%. The annual surplus of \$3,740 is also adequate. The District will have access to \$10,905 to be deposited in the Renewal and Replacement Reserve Fund. Additional revenues are available during the first year of operation because the District will only be required to make interest payments on the WDA loan. This will result in an additional \$23,328 being available to the District during the first year of operation. (Staff's Post-Hearing Exh. No. 2).

To support the public need for the proposed sanitary sewer collection system, the Applicant offered the testimony of eight (8) public witnesses.

Charles Cheesam, a Magistrate for Jefferson County, testified that he believed that there was a definite need for a sewer system in Jefferson County. Where he lives, in the Glen Haven area, he has seen water standing

from sewer septic systems in several home areas. He has not talked to a number of people, but he believes that the public sees the need for the sewer system. Upon cross-examination, Mr. Cheesam indicated that the area in which he resides will not be served by the proposed system. (Tr., pp. 6-10).

Betty Lanham lives in Orchard Hills, Ranson, and will be served by the proposed system. There is a need for sewer service in this area. Her next door neighbor has raw sewage running into her yard, and she has a two-year old who cannot go out into the backyard because of raw sewage. Mrs. Lanham's house is not the only one having such problems. She believed there is an acceptance and desire for the proposed sewer service in her area. She understood that her bill would be approximately \$35.00 per month. (Tr., pp. 10-14).

Louise Lloyd has lived for sixteen (16) years in the same area in which Mrs. Lanham lives. She will receive service from the proposed system, and she believes that there is a need for this service. She has three septic tanks running over on her property now. Mrs. Lloyd had to have her yard dug up in order to prevent sewage from seeping into her basement. She believes that there is general public support for the system in the Orchard Hills area. (Tr., pp. 14-17). Upon cross-examination, Mrs. Lloyd indicated that she has complained to the Health Department. One of the persons living next to her has his septic tank pumped every month, but if there is a hard rain, it still runs through her carport. (Tr., pp. 17-18).

Michael Shepp, President of Appalachian Surveys, Inc., is a local land surveyor and engineer. He believes that there is a need for sewer service in rural Jefferson County. If there are large lots, generally there are no

problems with septic systems. On small lots, of which there are many in the area, there are problems with septic system failures. There are lots that cannot be built on because they cannot satisfy the Health Department requirement of a 10,000 square foot reserve area for a septic system. There are lots that show up each year on the delinquent tax sales because they cannot be built on with a conventional septic system. Mr. Shepp has had many clients who are interested in building commercial developments of one kind or another, but who cannot afford to set aside four or five acres for a septic reserve area. He has also seen trailer courts closed down because their septic system had failed so badly that the Health Department took action. (Tr., pp. 19-26).

Mr. Shepp believes there are problems with the septic systems in the area because the soil is not suited for septic systems on the small lots. He defined anything under an acre as a small lot. He testified there is a need for the proposed system and that it will assist the development of residential and commercial properties in the area. His impression, in talking to his clients, was that they would be glad to get sewer service and were about willing to pay anything for it. (Tr., pp. 19-26).

Frank Supplee testified that he was interested in developing a large land holding between Charles Town and Harpers Ferry and behind the Charles Town Race Track. While he is not presently looking to the proposed system for service, he believes that there is a need for the service. (Tr., pp. 26-35).

Charles Clendening, a County Commissioner of Jefferson County since 1979, testified that people have contacted him regarding a need for a sewage system, both inside and outside the proposed service area. He believes that it is in the public interest to build the proposed system and

it is desirable to continue enlarging the service area. It would tend to concentrate the development of the County into the areas where sewer is available. There is a public need for the proposed system, despite the high cost and a general belief that the high cost associated with the system will be alleviated by growth. Upon cross-examination, he indicated that, given the state of the County's finances, the County was not in a position to help fund the project. The expansion of the sewage system, he hoped, was going to make industrial and commercial operations more viable. (Tr., pp. 35-42).

John Cooper, Chief Sanitarian with the Jefferson County Health Department, testified that his department was involved in approving applications for individual systems. Several years ago, the State Health Department had a survey of the County's individual sewage flow and found that it had a success rate of 98%. However, these systems do not last forever and when they do fail, replacement drain fields must be installed. Where the lots are small, this is extremely difficult and expensive.

It has been the policy of the Health Department to encourage the extension of existing sewers and the establishment of public sewer systems. The system would eliminate the problem of failing septic systems. In the proposed service area, there are small lots, making replacement of absorption drains impossible or terribly expensive. He believed that the proposed system would benefit all of the citizens of the County. Failing septic systems create the possibility of disease outbreaks, and create a potential health hazard. The Health Department estimates that septic systems are designed to last five to seven years. After that time, the drain field has to be replaced, if the land is available. (Tr., pp. 43-47).

Upon cross-examination, Mr. Cooper indicated that in the proposed service area, there are several 10,000 square foot lots. Over the last year, his department has received over 400 applications to install septic systems. (Tr., pp. 47-54).

Paul Rocko, Director of Planning for Jefferson County, Jefferson County Planning Commission, testified that his agency was concerned with the availability of sewer service in the County. The system will tie directly into the proposed zoning for the County. Mr. Rocko would like to see growth start in the center of Charles Town and move toward more rural sections of the County. The first section of the sewer extension will be the first step in that direction of growth. The County is anticipating mostly residential growth. (Tr., pp. 89-93). Upon cross-examination, Mr. Rocko indicated that the primary zoning classification for the proposed service area would be high density growth, inclining toward residential. (Tr., p. 95).

Delane Randolph, Engineer with the firm of Howard, Needles, Tammer & Bergendoff, testified that there was a considerable need for sewer service throughout Jefferson County, as well as in the proposed service area. Mr. Randolph stated that several alternatives were considered and it was concluded that sewerage should be treated by the City of Charles Town. (Tr., pp. 57-59). Mr. Randolph considered the cost effectiveness of building a separate treatment plant for the District and it was determined that it would add an additional \$500,000 in construction costs, not considering the costs associated with operation and maintenance expenses. (Tr., pp. 64-65).

William B. Stein, Jr., the District's General Manager, testified that he anticipates future growth on the system as proposed. He stated that he

has been contacted by a number of developers seeking commitments from the District to provide sewer service. (Tr., pp. 130-133).

#### FINDINGS OF FACT

The Administrative Law Judge is of the opinion and finds that:

1. On February 12, 1988, Jefferson County Public Service District filed an application for a certificate of convenience and necessity to acquire, construct, operate and maintain a sanitary sewer collection system designed to initially serve 820 residential customers and 21 commercial customers in that portion of Jefferson County in the general vicinities of Charles Town and Ranson, and for approval of rates and charges. (See, Application).

2. There are no public sewer facilities in the areas sought to be served; the areas in most parts are densely populated and the soil is not suited for the use of private septic tank systems. (Tr., pp. 46-47, 57-65).

3. Treatment will be provided by the City of Charles Town pursuant to an Intergovernmental Agreement between the City of Charles Town, the City of Ranson and the Jefferson County Public Service District. (Tr., pp. 62-63).

4. The Intergovernmental Agreement is pending for Commission approval in Case No. 88-089-S-CN, an Application for a Certificate filed by the City of Charles Town to upgrade its treatment plant, in part to provide treatment service to the District. (Tr., pp. 62-64).

5. The total cost of the project, based on bids opened December 17, 1987 and as revised during the course of this proceeding, is estimated at \$7,223,482, and will be financed by a Grant from EPA of \$4,935,408, Tap

Fees of \$89,500, and a Loan from the WDA in the amount of \$2,198,573. (Staff's Post-Hearing Exh. No. 3).

6. Interim financing will be provided by the issuance of GANs. If, at the time of financing, GANs are not in the District's best interest, it will then use a bank line of credit. Staff's recommends that the proposed line of credit be increased from \$1,000,000 to \$1.7 million. (Tr., pp. 180-182).

7. Annual debt service on the WDA loan, at 8% interest rate, for principal and interest is calculated at \$185,296. Total debt service, including reserves, is calculated at \$203,826. (See, Appendix A).

8. The Applicant originally proposed rates of \$7.77 per 1,000 gallons used, an unmetered rate of \$34.97, and a minimum bill of \$19.43 per month. (See, Application).

9. The rates and charges recommended by Staff provide a rate of \$7.45 per 1,000 gallons used, a minimum charge of \$18.63 per month and an unmetered charge of \$33.53 per month. Staff also recommends a multiple occupancy charge for unmetered trailer parks. (See, Appendix B).

10. A cash flow analysis for the first year of operation reflects that the recommended rates and charges will generate \$436,203 in operating revenues and will provide a surplus of \$3,740 and coverage of 118%, after payment of operating and maintenance expenses and taxes totalling \$219,232, and debt service of \$203,826. (See, Appendix A).

11. The Applicant has submitted Affidavits of Publication indicating that the publication requirements of West Virginia Code §24-2-11 have been met and as of the date of this order no written protest to the granting of the application has been received.

### CONCLUSIONS OF LAW

The Administrative Law Judge is of the opinion, finds and concludes that:

1. A certificate of convenience and necessity should be issued unto Jefferson County Public Service District, a public utility, to construct a sanitary sewer collection system in the general vicinities of Charles Town and Ranson, Jefferson County, as more particularly described in said application, subject, however, to the conditions that the total project cost shall not exceed the projected cost, and that the proposed EPA Grant and WDA financing are obtained.

2. The permanent financing should be approved on the condition that the WDA bond issue has an interest rate of no more than 8% and that the maximum amount borrowed is not more than \$2,198,573.

3. The operation and maintenance expenses and the Intergovernmental Sewer Service Agreement between the City of Charles Town, the City of Ranson and the Jefferson County Public Service District should be the subject of further review at a Commission hearing to be conducted in February of 1989, or ten (10) months from the beginning of the construction of the certificate granted herein.

### ORDER

IT IS, THEREFORE, ORDERED that:

1. A certificate of convenience and necessity be, and it hereby is, issued unto the Applicant, Jefferson County Public Service District, to construct, operate and maintain a sanitary sewer collection system, as more particularly described in said application, provided, however, that the total project cost shall not exceed the projected cost of \$7,223,482, and

that the proposed interim and permanent financing, as herein described, are obtained.

2. The proposed permanent financing by the West Virginia Water Development Authority be, and it hereby is, approved on the condition that the bond issue has an annual interest rate of not more than 8% and that the maximum amount borrowed is not more than \$2,198,573.

3. The rates and charges and other tariff provisions contained in Appendix B, attached hereto, are hereby authorized and approved to be effective for all sewer service to be rendered by the Applicant when said system is complete and available for service.

4. The Applicant shall file a tariff with the Commission within twenty (20) days after the date this order becomes final, setting forth the rates and charges, rules and regulations and other tariff provisions herein authorized and approved, and as more particularly appear in Appendix B, attached hereto.

5. The operation and maintenance expenses and the Intergovernmental Sewer Service Agreement between the City of Charles Town, the City of Ranson, and the Jefferson County Public Service District, as modified, shall be the subject for further review at a Commission hearing to be conducted in February of 1989, or ten (10) months from the beginning of the construction of the project herein certificated.

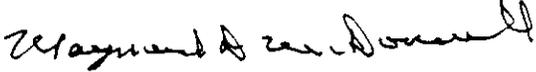
6. The District shall inform the Commission when it notifies the contractors to proceed with the construction, and inform the Commission of the date of substantial completion of the project or when the first group of District customers will be discharging sewerage into the Charles Town or Ranson systems.

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.

  
Maynard D. McDonnell  
Administrative Law Judge

McD:dfs

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
CASE NO. 87-436-S-CN

Cash Flow Analysis For First Year of Operations

|                                    |                |
|------------------------------------|----------------|
| Cash Available                     |                |
| Operating Revenues                 | \$436,203      |
| Interest Earnings                  | <u>1,500</u>   |
| Total Cash Available               | <u>437,703</u> |
| Cash Requirements                  |                |
| Operation and Maintenance Expenses | 210,548        |
| Taxes and Employee Benefits        | <u>8,684</u>   |
| Total Cash Requirements            | <u>219,232</u> |
| Cash Available For Debt Service    | 218,471        |
| Debt Service Requirements          |                |
| Principal and Interest             | 185,296        |
| Debt Service Reserve               | <u>18,530</u>  |
| Total Debt Service Requirements    | <u>203,826</u> |
| Cash Available For Other Reserves  | 14,645         |
| Renewal and Replacement Reserves   | <u>10,905</u>  |
| Surplus                            | 3,740          |
| Coverage                           | 118%           |

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
CASE NO. 87-436-S-CN

## SEWER RATES

APPLICABILITY

Applicable within territory served.

AVAILABILITY

Available for residential, commercial and industrial service.

RATE

\$7.45 per thousand gallons of metered water usage.

MINIMUM CHARGE

No bill will be rendered for less than \$18.63 per month.

UNMETERED CHARGE

\$33.53 per month.

MULTIPLE OCCUPANCY

For unmetered trailer parks the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

DELAYED PAYMENT PENALTY

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

CONNECTION FEE

|  |          |
|--|----------|
| Prior to completion of construction adjacent to customers property - | \$125.00 |
| After completion of construction adjacent to customer's property -   | \$250.00 |

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 25th day of March, 1988.

CASE NO. 87-436-S-CN

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,  
a public utility, Ranson, Jefferson County.

Application for a certificate of convenience  
and necessity to construct sewerage facilities in  
Jefferson County, and for approval of rates and  
charges.

COMMISSION ORDER

On February 12, 1988, Jefferson County Public Service District, a public utility, filed an application for a certificate of convenience and necessity to acquire, construct, operate and maintain certain public service properties, constituting sewer facilities and consisting of small diameter collection lines, gravity collection lines, pump stations, and all appurtenant facilities in Jefferson County, West Virginia.

By order entered February 17, 1988, the matter was set for hearing to be held in Ranson, West Virginia, on March 9, 1988. The District was required to publish notice of the filing of the application and of the time and place of hearing, by publishing a copy of the order in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Jefferson County, and to post a copy of the order in conspicuous places where bills for sewer service are paid for a period of ten (10) days prior to March 3, 1988. Notice was posted and published as required.

The hearing was held as scheduled on March 9, 1988. The District was represented by T. D. Kauffelt, Esq., and Mark E. Kauffelt, Esq. The Staff of the Public Service Commission was represented by J. Steven Hunter, Esq., David Glover, Esq., and Robert Williams Esq. There were no protestants, intervenors or other appearances. Upon completion of

the hearing, the matter was continued until Staff had an opportunity to make further review of the District's case. After an additional hearing held on March 16, 1988, the matter was submitted for decision. On March 21, 1988, the Administrative Law Judge issued a recommended decision.

On March 23, 1988, T. D. Kauffelt, counsel for the District, filed a petition to waive the District's right to take exceptions to the aforesaid order and requesting the aforesaid recommended decision to be the final order of the Commission as soon as possible. On March 24, 1988 the Commission received a memorandum from Staff Attorney David C. Glover indicating that Commission Staff has no objection to the motion for waiver of the 15-day exception period.

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

The Commission is therefore of the opinion and belief that said petition of waiver received by the Commission on March 23, 1988, should be granted.

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

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

A TRUE COPY

TESTE:

  
Pamela J. Hicks  
Acting Secretary

HMC/s

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: March 23, 1988

CASE NO. 87-436-S-CN

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,  
a public utility, Ranson, Jefferson  
County.

Application for a certificate of  
convenience and necessity to construct  
sewerage facilities in Jefferson County,  
and for approval of rates and charges.

SUPPLEMENTAL ORDER APPROVING INTERIM FINANCING

By order entered herein on March 21, 1988, a certificate of convenience and necessity was issued unto Jefferson County Public Service District, to construct, operate and maintain a sanitary sewer collection system, as more particularly described in said application, provided, however, that the total project cost shall not exceed the projected cost of \$7,223,482, and that the proposed interim and permanent financing, as therein described, are obtained.

The order further approved permanent financing by the West Virginia Water Development Authority on condition that the bond issue has an annual interest rate of not more than 8% and that the maximum amount borrowed was not more than \$2,198,573.

The approval of interim financing, involving the use of grant anticipation notes in the amount of \$2,820,000, or a bank line of credit not to exceed \$1,700,000, was inadvertently omitted.

The Administrative Law Judge is of the opinion and finds that the order entered herein on March 21, 1988, should be amended to the extent necessary for the approval of interim financing, as above-described, and

that in all other respects said order of March 21, 1988, shall remain in full force and effect.

IT IS, THEREFORE, ORDERED that the order entered herein on March 21, 1988, be, and it hereby is, amended, and that interim financing, involving the use of grant anticipation notes in the amount of \$2,820,000, or a bank line of credit not to exceed \$1,700,000, be, and it hereby is, approved, and in all other respects the order entered herein on March 21, 1988, shall remain in full force and effect.

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

*Maynard D. McDonnell*  
Maynard D. McDonnell  
Administrative Law Judge

McD:dfs



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and STANLEY E. ZOMBRO, Chairman of the public service board of Jefferson County Public Service District (the "Issuer"), hereby certify as follows:

1. On the 5th day of May, 1988, the Authority received the entire original issue of \$2,128,836 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated May 5, 1988, the Series 1988 A Bond being in the principal amount of \$1,703,069 and the Series 1988 B Bond being in the principal amount of \$425,767.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Stanley E. Zombro, as Chairman of the Issuer, by his manual signature, and by Carole A. Hall, as Secretary of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1988 A Bonds in the aggregate amount of \$1,703,069 and proceeds of the Series 1988 B Bonds in the aggregate principal amount of \$425,767 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and JEFFERSON COUNTY PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 5th day of May, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky  
Secretary-Treasurer

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By Stanley E. Zombers  
Chairman

05/02/88  
JEFF4-D



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 A, in the principal amount of \$1,703,069 and Bond No. BR-1, constituting the entire original issue of Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B, in the principal amount of \$425,767 both dated May 5, 1988 (collectively, the "Bonds"), executed by the Chairman and Secretary of the public service board of Jefferson County Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated April 29, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$2,128,836, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior

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

Dated this 5th day of May, 1988.

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By

Stanley E. Zamburo  
Chairman

05/02/88  
JEFF4-E



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(SPECIMEN SERIES 1988 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1

\$1,703,069

KNOW ALL MEN BY THESE PRESENTS: That JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jefferson 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 SEVEN HUNDRED THREE THOUSAND SIXTY-NINE DOLLARS (\$1,703,069), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated April 29, 1988.

8

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on May 2, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of \$425,767, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1988 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, provided however,

that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, JEFFERSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated May 5, 1988.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

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

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

JEFFERSON COUNTY PSD (SEWER) TOTAL BORROWING  
 ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER  
 -----1988 SERIES A BONDS -----

| PERIOD<br>ENDING | 10/1 COUPON PRIN. | INTEREST     | DEBT<br>SERVICE |
|------------------|-------------------|--------------|-----------------|
| 1988             | 9.00              | 62,162.02    | 62,162.02       |
| 1989             | 9.00              | 153,276.21   | 153,276.21      |
| 1990             | 9.00              | 5,511        | 158,787.21      |
| 1991             | 9.00              | 6,007        | 158,787.22      |
| 1992             | 9.00              | 6,547        | 158,786.59      |
| 1993             | 9.00              | 7,136        | 158,786.36      |
| 1994             | 9.00              | 7,778        | 158,786.12      |
| 1995             | 9.00              | 8,478        | 158,786.10      |
| 1996             | 9.00              | 9,241        | 158,786.08      |
| 1997             | 9.00              | 10,074       | 158,787.39      |
| 1998             | 9.00              | 10,980       | 158,786.73      |
| 1999             | 9.00              | 11,967       | 158,785.53      |
| 2000             | 9.00              | 13,046       | 158,787.50      |
| 2001             | 9.00              | 14,219       | 158,786.36      |
| 2002             | 9.00              | 15,500       | 158,787.65      |
| 2003             | 9.00              | 16,894       | 158,786.65      |
| 2004             | 9.00              | 18,414       | 158,786.19      |
| 2005             | 9.00              | 20,071       | 158,785.93      |
| 2006             | 9.00              | 21,878       | 158,786.54      |
| 2007             | 9.00              | 23,846       | 158,785.52      |
| 2008             | 9.00              | 25,992       | 158,785.38      |
| 2009             | 9.00              | 28,332       | 158,786.10      |
| 2010             | 9.00              | 30,882       | 158,786.22      |
| 2011             | 9.00              | 33,661       | 158,785.84      |
| 2012             | 9.00              | 36,691       | 158,786.35      |
| 2013             | 9.00              | 39,993       | 158,786.16      |
| 2014             | 9.00              | 43,593       | 158,786.79      |
| 2015             | 9.00              | 47,516       | 158,786.42      |
| 2016             | 9.00              | 51,792       | 158,785.98      |
| 2017             | 9.00              | 56,453       | 158,785.70      |
| 2018             | 9.00              | 61,535       | 158,786.93      |
| 2019             | 9.00              | 67,074       | 158,787.78      |
| 2020             | 9.00              | 73,109       | 158,786.12      |
| 2021             | 9.00              | 79,690       | 158,787.31      |
| 2022             | 9.00              | 86,857       | 158,782.21      |
| 2023             | 9.00              | 94,679       | 158,787.08      |
| 2024             | 9.00              | 103,201      | 158,787.97      |
| 2025             | 9.00              | 112,488      | 158,786.88      |
| 2026             | 9.00              | 122,612      | 158,786.96      |
| 2027             | 9.00              | 133,648      | 158,787.88      |
| 2028             | 9.00              | 145,684      | 158,795.56      |
|                  |                   | -----        | -----           |
|                  | 1,703,069         | 4,705,050.52 | 6,408,119.52    |

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:

\_\_\_\_\_  
05/01/88  
JEFF4-U



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(SPECIMEN SERIES 1988 B Bond)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1

\$425,767

KNOW ALL MEN BY THESE PRESENTS: That JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jefferson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED TWENTY-FIVE THOUSAND SEVEN HUNDRED SIXTY-SEVEN DOLLARS (\$425,767), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated April 29, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on May 2, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance

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

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,703,069 AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds herein described and from moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Bonds"), and unexpended proceeds of the Bonds of this series. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds

for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

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

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

IN WITNESS WHEREOF, JEFFERSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated May 5, 1988.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

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

EXHIBIT A  
SCHEDULE OF ANNUAL DEBT SERVICE

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER  
-----19. SERIES A BONDS -----

ZERO  
COUPON  
BONDS  
-----

|      |           |
|------|-----------|
| 1988 |           |
| 1989 |           |
| 1990 | 10,917.00 |
| 1991 | 10,917.00 |
| 1992 | 10,917.00 |
| 1993 | 10,917.00 |
| 1994 | 10,917.00 |
| 1995 | 10,917.00 |
| 1996 | 10,917.00 |
| 1997 | 10,917.00 |
| 1998 | 10,917.00 |
| 1999 | 10,917.00 |
| 2000 | 10,917.00 |
| 2001 | 10,917.00 |
| 2002 | 10,917.00 |
| 2003 | 10,917.00 |
| 2004 | 10,917.00 |
| 2005 | 10,917.00 |
| 2006 | 10,917.00 |
| 2007 | 10,917.00 |
| 2008 | 10,917.00 |
| 2009 | 10,917.00 |
| 2010 | 10,917.00 |
| 2011 | 10,917.00 |
| 2012 | 10,917.00 |
| 2013 | 10,917.00 |
| 2014 | 10,917.00 |
| 2015 | 10,917.00 |
| 2016 | 10,917.00 |
| 2017 | 10,917.00 |
| 2018 | 10,917.00 |
| 2019 | 10,917.00 |
| 2020 | 10,917.00 |
| 2021 | 10,917.00 |
| 2022 | 10,917.00 |
| 2023 | 10,917.00 |
| 2024 | 10,917.00 |
| 2025 | 10,917.00 |
| 2026 | 10,917.00 |
| 2027 | 10,917.00 |
| 2028 | 10,921.00 |

-----  
425,767.00

ASSIGNMENT

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

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

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

In the presence of:

\_\_\_\_\_  
05/09/88  
JEFF4-V



# STEPTOE & JOHNSON

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GARY W. NICKERSON  
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ROBERT J. SCHIAVONI

May 5, 1988

## Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Jefferson County Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$1,703,069 Sewer Revenue Bonds, Series 1988 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 29, 1988, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1988, at the rate of 9.0% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

new sewerage facilities of the Issuer (the "Project"), to pay interest on the Local Bonds for a period of approximately ten months and to pay certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on May 2, 1988, as supplemented by a supplemental resolution adopted May 2, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.
3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the Net Revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.
5. The interest on the Local Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations

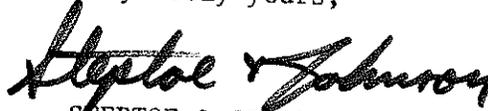
(as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions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

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

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

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

Very truly yours,

  
STEPTOE & JOHNSON

05/09/88  
JEFF4-F



# STEPTOE & JOHNSON

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LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

May 5, 1988

## Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Jefferson County Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$425,767 Sewer Revenue Bonds, Series 1988 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated April 29, 1988, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated April 29, 1988, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1988 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

//

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of permanently financing a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on May 2, 1988, as supplemented by a supplemental resolution adopted May 2, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.
2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.
3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.
4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate only

to the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

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

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

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

Very truly yours,

  
STEPTOE & JOHNSON

05/09/88  
JEFF4-G



# STEPTOE & JOHNSON

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ROBERT J. SCHIAVONI

May 5, 1988

## Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$1,703,069 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A (the "Local Bonds"), of Jefferson County Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the public service board of the Issuer on this date.

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

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

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income

12

West Virginia Water Development Authority  
Page 2

retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

  
STEPTOE & JOHNSON

05/09/88  
JEFF4-H



LAW OFFICES  
PETER L. CHAKMAKIAN, L.C.  
118 NORTH GEORGE STREET  
CHARLES TOWN, WEST VIRGINIA 25414

P.O. Box 547

TELEPHONE 725-9797  
AREA CODE 304

May 5, 1988

Jefferson County Public Service District  
Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

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

Steptoe & Johnson  
P.O. Box 2190  
Clarksburg, West Virginia 26301

Gentlemen:

I am counsel to Jefferson County Public Service District, a public service district in Jefferson County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated April 29, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

2. The Issuer has been duly created by the County Commission of Jefferson County, and the members and officers of the public service board of the Issuer have been duly and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

West Virginia Development Authority, et al.  
May 5, 1988  
Page 2

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

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

5. The Issuer has received all permits, licenses, approvals and authorization necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered March 30, 1988, (Case No. 87-436-S-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving the rates and charges of the System and the financing for the Project has expired prior to the date hereof.

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

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

Very truly yours,



Peter L. Chakmakian  
Counsel to  
Jefferson County Public  
Service District

PLC:mrj



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of Jefferson County Public Service District in Jefferson County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$2,128,836 aggregate principal amount of Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted May 2, 1988, and a Supplemental Resolution also adopted May 2, 1988 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or the 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, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, which are secured by revenues or assets of the System.

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

Order of County Commission creating Public Service District.

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

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

Rules of Procedure of Public Service Board.

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

Bond Resolution.

Supplemental Resolution.

Minutes of 1988 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

EPA Grant Agreement, with Part B Amendment.

Intermunicipal Agreement with City of Charles Town and Town of Ranson.

Public Service Commission Orders entered March 30, March 25, and March 23, 1988.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Jefferson County Public Service District" and it is a public service district duly created by The County Commission of Jefferson County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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> |
|-------------------|---------------------------------------|--------------------------------------|
| Stanley E. Zombro | December, 1983                        | November, 1989                       |
| Carole A. Hall    | January, 1988                         | November, 1993                       |
| Thomas M. West    | January, 1987                         | November, 1991                       |

The names of the duly elected, qualified and acting members of the Public Service Board of the Issuer for the calendar year 1988 are as follows:

|           |   |                   |
|-----------|---|-------------------|
| Chairman  | - | Stanley E. Zombro |
| Secretary | - | Carole A. Hall    |
| Treasurer | - | Thomas M. West    |

The duly appointed and acting Counsel for the Issuer is Peter L. Chakmakian, of Charles Town, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be

acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

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

10. GRANTS, ETC.: As of the date hereof, the United States Environmental Protection Agency has committed to the Issuer a grant in the amount of \$4,949,550. Said Grant is as of this date in force and effect. All funds of the Issuer to be used to pay the Project costs are lawfully available therefor.

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

12. RATES: The Issuer has received a Final Order of the Public Service Commission of West Virginia entered March 30, 1988, granting a certificate of convenience and necessity for the Project, approving rates and charges for the services of the System and approving the financing for the Project, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired without any appeal therefrom.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated May 5, 1988, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed aggregate purchase price of the Bonds, being \$2,128,836 (100% of par value), there being no interest accrued thereon.

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

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will

be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

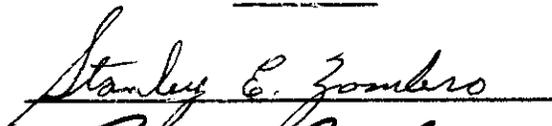
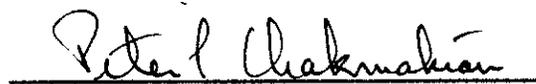
17. NO FEDERAL GUARANTY: The Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

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

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

WITNESS our signatures and the official seal of JEFFERSON COUNTY PUBLIC SERVICE DISTRICT on this 5th day of May, 1988.

[CORPORATE SEAL]

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

05/02/88  
JEFF4-J



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A

CERTIFICATE AS TO ARBITRAGE

I, STANLEY E. ZOMBRO, Chairman of the public service board of Jefferson County Public Service District, in Jefferson County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,703,069 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer, dated May 5, 1988 (the "Local Bonds"), hereby certify as follows:

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 5, 1988, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

6. The Local Bonds and the Series 1988 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on May 5, 1988, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$2,128,836 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain new sewerage facilities of the Issuer (the "Project"), capitalizing interest on the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before May, 1989. Construction of the Project is expected to be completed by April, 1989.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$7,167,886. Sources and uses of funds for the Project are as follows:

Sources

|                                      |                                  |
|--------------------------------------|----------------------------------|
| Gross proceeds of Local Bonds        | \$1,703,069                      |
| Gross proceeds of Supplemental Bonds | 425,767                          |
| EPA Grant                            | 4,949,550                        |
| Local Funds (tap fees)               | <u>89,500</u>                    |
| <b>Total Sources</b>                 | <b><u><u>\$7,167,886</u></u></b> |

Uses

|   |                    |
|---|--------------------|
| Design, Acquisition and Construction of Project | \$7,030,156        |
| Capitalized interest on Local Bonds             | 127,730            |
| Funded Reserve for Local Bonds                  | -0-                |
| Funded Reserve for Supplemental Bonds           | -0-                |
| Other Costs of Issuance                         | <u>10,000</u>      |
| Total Uses                                      | <u>\$7,167,886</u> |

The amount of Project costs not expected to be reimbursed or paid from grants, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least equal to the Gross Proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds, the EPA Grant and such funds of the Issuer, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund the Series 1988 A Bonds Reserve Account; and
- (5) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund the Series 1988 B Bonds Reserve Account.

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

- (1) Local Bonds proceeds in the amount of \$127,730 will be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

(2) Local Bonds proceeds in the amount of \$-0- and Supplemental Bonds proceeds in the amount of \$-0- will be deposited in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account, respectively.

(3) Local Bonds proceeds in the amount of \$432,170 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

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

12. Moneys held in the Series 1988 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1988 A Bonds Sinking Fund and Series 1988 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1988 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1988 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Local Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Local Bonds have been or will be pledged to payment of the Local Bonds. None of the moneys received from the sale of the Local Bonds will be deposited in the Series 1988 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1988 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 115% of average annual principal and interest on the Local Bonds. Amounts in the Series 1988 A Reserve Account, not to exceed 10% of the proceeds of the Local Bonds, if

invested, will be invested without yield limitation. The establishment of the Series 1988 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

14. The Issuer expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 10 months.

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

18. With the exception of the amounts deposited in the Series 1988 A Bonds Sinking Fund for payment of interest on the Local Bonds, and amounts deposited in the Series 1988 A Reserve Account, all of the proceeds of the Local Bonds will be expended on the Project within 11 months from the date of issuance thereof.

19. Any money deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1988 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

20. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of April 28, 1988.

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

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

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

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

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

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

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

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

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

30. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Local Bonds.

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

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

33. The Issuer shall submit to the Issuer within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer exception to rebate, then 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 Local Bonds subject to rebate.

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

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

IN WITNESS WHEREOF, I have set my hand this 5th day of May, 1988.

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By

Stanley E. Zoubers  
Chairman, Public Service Board

05/10/88  
JEFF4-K



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

ENGINEER'S CERTIFICATE

I, , Registered Professional Engineer, West Virginia License No. 6049, of Howard, Needles, Tammen & Bergendoff, consulting engineers, of Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain new sewerage facilities (the "Project") of Jefferson County Public Service District in Jefferson County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), funds of the Issuer and certain grant proceeds from the Environmental Protection Agency.

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Jefferson County Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system

of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) 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 5th day of May, 1988.

HOWARD, NEEDLES, TAMMEN & BERGENDOFF

By



05/02/88  
JEFF4-L



# Frobenius, Conaway & Company

A Partnership of Professional Corporations

CERTIFIED PUBLIC ACCOUNTANTS

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May 5, 1988

Jefferson County Public Service District  
Sewer Revenue Bonds  
Series 1988 A and Series 1988 B

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

Gentlemen:

Based upon the rates and charges as set forth in the final order of the Public Service Commission of West Virginia entered March 30, 1988, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Howard Needles Tammen & Bergendorff, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewage system of the Jefferson County Public Service District will pay all repair, operation and maintenance expenses and leave a balance equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1988 A and Series 1988 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,



/sc



entered this 1st day of December, 1983.

18

In re: ORDER ADOPTED - JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Motion by Clendenning, second by Ott to adopt the following Order for the creation of the Jefferson County Public Service District. Motion carried.

IN THE COUNTY COMMISSION OF JEFFERSON COUNTY, WEST VIRGINIA

IN THE MATTER OF:

Creation of the Jefferson County Public Service District

ORDER

Having upon its own motion entered an Order on February 24, 1983, proposing the creation of the Jefferson County Public Service District and setting forth a description of such sufficient to identify said district and further having provided public notice in compliance with Chapter 16, Article 13A, Section 2 and having held the public hearing required therein; the County Commission of Jefferson County does, upon consideration of the testimony and evidence produced before it, find the creation of a public service district feasible, convenient, and conducive to the preservation of the public health and convenience.

Therefore, it is ORDERED that a public service district be created in Jefferson County under the provisions of 16-13A-1 et. seq. of the West Virginia Code of 1931, as amended, to encompass and include the following:

All land within the boundaries of Jefferson County, West Virginia, less however, those sewage authorities within any incorporated municipality with the County unless the governing body of any such

COPY, TESTE

*John E. Ott*  
CLERK OF THE  
COUNTY COMMISSION OF JEFFERSON  
COUNTY, WEST VIRGINIA  
*By: Davis O. Wilber, Secy*

adopt a resolution consenting to be included within the proposed public service district, red by the existing public service district of Harpers Ferry-Bolivar Public Service District, ed to operate in Jefferson County; provided, however, that any of the public service District presently authorized to operate in Jefferson County, but not presently furnishing sewage e a part of the area to be serviced by this Public Sewage Service District. .  
rther ORDERED that the public service district shall be known as the "JEFFERSON COUNTY TRICT", and that it shall possess the powers and privileges granted to public service s of the provisions of the West Virginia Code.

MEETING HELD FOR OAKRIDGE ASSOCIATES - FINAL RESOLUTION ADOPTED

Closing for Oakridge Associates was held this day at 10:30 A.M. in the County Courtroom. ending, second by Ort to adopt the following Final Resolution authorizing the F \$330,000 Jefferson County, West Virginia Industrial Development Revenue Bonds for for the purpose of financing the acquisition, construction and equipping of a commercial ried.

RESOLUTION OF THE  
COUNTY COMMISSION OF

*John E. Ort*  
By *John Delahall Ort*



State of West Virginia, County of Jefferson,

Clerk's Office of the Court of Jefferson County, Town, in said State, exercising Jurisdiction.

I, JOHN E. OTT, Clerk of said Commission having by law the custody of the seal, and all papers, books, documents and papers of or pertaining to said Commission, hereby certify the paper here annexed to be a true copy appertaining to said Commission and on file and of record in said office to-wit:  
County Commission Minutes from Law Orders Book W, at Page 389,  
regarding JEFFERSON COUNTY PUBLIC SERVICE DISTRICT - MEMBERSHIP  
APPOINTMENTS.



In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 2nd day of May, A. D., 19 88  
John E. Ott  
Clerk of said Commission  
By: Delmar Pitinger, Deputy

REGULAR TERM

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

At a Regular Term of the County Commission of said County and State, continued and held at the Courthouse thereof on ~~Thursday, December 22, 1983~~, beginning at 9:30 o'clock A.M.

PRESENT: Garland H. Moore, Jr., President;  
Charles B. Clendening, III; Henry M. Snyder, Jr.;  
Gary L. Phalen; Robert D. Ott; Commissioners.

In re: NOTARY APPLICATION AND BOND APPROVED - MICHAEL C. GOODE

Upon the application of Michael C. Goode as Notary Public in and for the County of Jefferson, it was shown to the satisfaction of this Commission that said Applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, that he is a person of good moral character, and that he has posted bond and taken the oath of office as required by law.

Motion by Phalen, second by Ott to approve the Notary Application and Bond of the above-named individual. Motion carried.

In re: SURPLUS TAX REFUND

Motion by Ott, second by Phalen to approve the following Surplus Tax Refund. Motion carried.

SURPLUS TAX REFUND

It appearing that on the 9th day of November, 1981, the Sheriff of said County, at a tax sale of Delinquent Lands, sold for delinquent and unpaid real estate taxes for the year 1980 Parcel(s) of land assessed on the Tax record of Jefferson County, West Virginia as, Charles Town Corporation, 1 lot, Davenport; that at the time of said tax sale the taxes were charged to Carey, Richard and Nannie Archer; that at said tax sale Ollie Tolbert was the purchaser of said real estate for a purchase price of \$180.00; that at the time of said sale the taxes, interest and charges thereon were \$16.82; that as a result of said sale there is a surplus of \$163.18 in excess of the taxes, interest and charges due thereon, Therefore it is ordered, in pursuance of Chapter 11A, Article 3, Section 37 of the West Virginia Code of 1931, as amended that the Sheriff of Jefferson County, West Virginia do pay to Richard H. Carey, Jr., the sum of \$163.18, that being the surplus paid to the sheriff at said tax sale.  
Enter this 22nd day of December, 1983.

In re: JEFFERSON COUNTY PUBLIC SERVICE DISTRICT - MEMBERSHIP APPOINTMENTS

Motion by Snyder, second by Clendening to appoint the following individuals to serve on the Jefferson County Public Service District, Stanley Zombro a six (6) year term to expire December 1, 1989, Frances Giamo a four (4) year term to expire December 1, 1987, and Paul Taylor a two (2) year term to expire December 1, 1985. Motion carried.

The Administrator was directed to contact the individuals appointed and arrange the initial meeting and qualifications for office.

In re: CLOSING OF RUBY STREET IN SHENANDOAH JUNCTION

Upon consideration of the additional testimony taken in the matter of the closing of Ruby Street in Shenandoah Junction and their decision of January 6, 1983 recorded in Book W, Page 172, the County Commission reaffirmed its original decision and directed the following Order to be placed in the County Commission's minutes.

BEFORE THE COUNTY COMMISSION OF JEFFERSON COUNTY, WEST VIRGINIA

IN RE: THE APPLICATION OF SNYDER ENTERPRISES, INC., PURSUANT TO §7-1-3h, CODE OF WEST VIRGINIA, 1931, AS AMENDED

ORDER

THIS MATTER came on to be heard this 15th day of December, 1983, before the County Commission of Jefferson County, West Virginia, in Civil Action No. 83-AP-6, dated August 15, 1983, remanding this matter to this Commission for the purpose of allowing the Respondents herein to produce evidence and testimony before this Commission; upon a Notice of Hearing served on Applicant's (herein) counsel according to law; upon the appearance of the Applicant by and through its officers, F. Bernard Snyder, B. Lee Snyder and Hebert S. Snyder, and its attorney, Peter L. Chakmakian; and upon the appearance of Darrell D. Knotts and Laura M. Knotts, in person, and by their counsel, James B. Crawford, III.

The Commission then proceeded to take the evidence and testimony of divers witnesses, including Darrell D. Knotts and Laura M. Knotts. The Commission further took into evidence certain exhibits offered by the Applicant. The Commission further heard the testimony of John Ferrell and Richard Myers, who appeared as amicus curiae, and invited comment from the several interest parties who had attended the hearing. Based upon such evidence and testimony, the Commission reaffirmed the findings of fact reached in the previous hearing on this matter as expressed in an Order of this Commission dated December 30, 1982, and specifically found that the use and rights of no person or persons in such unused portion of Ruby Street will be affected by the proposed project.

P.O. #18141 1,123.10 Schenck Foods Company, Inc. - Food for the Month of December

SHERIFF LAW OFFICE:

P.O. #18131 120.75 Art's Auto Repair - Emergency Repair on 1984 Dodge

SHERIFF'S TAX OFFICE:

P.O. #18120 158.00 Monroe Systems for Business - Maintenance Agreement on Copy Machine

Upon rising, Commission adjourned to meet again on Thursday morning next at 9:30 o'clock A.M.

*[Signature]*  
PRESIDENT

REGULAR TERM:

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

At a Regular Term of the County Commission of said County and State, continued and held at the Courthouse thereof on ~~Thursday, January 14, 1988~~, beginning at 9:30 o'clock A.M.

PRESENT: Garland H. Moore, Jr., President; Charles H. Strider, Jr.; Charles B. Clendening; Henry W. Morrow; R. Gregory Lance; Commissioners.

In re: DISPENSE WITH READING OF MINUTES  
Motion by Morrow, second by Lance to dispense with the reading of the Minutes for the meeting held on Thursday, January 7, 1988 and to approve the Minutes as prepared. Motion carried.

In re: SURPLUS TAX REFUND  
Motion by Morrow, second by Lance to approve the following Surplus Tax Refund. Motion carried.

SURPLUS TAX REFUND

It appearing that on the 9th day of November, 1987, the Sheriff of said county, at a tax sale of Delinquent Lands, sold for delinquent and unpaid real estate taxes for the year 1986 parcel(s) of land assessed on the Tax records of Jefferson County, West Virginia as: Lot 18, Shiloh, Charles Town District; that at the time of said tax sale the taxes were charged to Christopher J. and Kimberly A. Fagan; that at said tax sale Moses Karkenny was the purchaser of said real estate for a purchase price of \$1,000.00; that at the time of said sale the taxes, interest and charges thereon were \$137.05; that as a result of said sale there is a surplus of \$862.95 in excess of the taxes, interest and charges due thereon.

Therefore it is ordered, in pursuance of Chapter 11A, Article 3, Section 37 of the West Virginia Code of 1931, as amended that the Sheriff of Jefferson County, West Virginia do pay to Christopher J. and Kimberly A. Fagan, 3306 Moline Road, Wheaton, Maryland 20902, the sum of \$862.95, that being the surplus paid to the Sheriff at said tax sale.  
Enter this 14th day of January, 1988.

In re: REAPPOINTMENT APPROVED - JEFFERSON COUNTY PUBLIC SERVICE DISTRICT - CAROLE HALL  
Motion by Clendening, second by Morrow to reappoint Carole Hall to the Jefferson County Public Service District for a six (6) year term expiring December 1, 1993. Motion carried.

In re: INTERGOVERNMENTAL REVIEW APPROVED - STATEWIDE FAMILY PLANNING PROJECT  
Motion by Lance, second by Clendening to approve the Intergovernmental Review by the State Health Department for funds in the amount of \$4,103,243.00, as this project is consistent with the overall goals of the community and nonuplicative of other projects of this type. Motion carried.

In re: EMPLOYMENT APPROVED - JANET IRENE TILTON - SHERIFF'S TAX OFFICE  
Upon a request made by the Sheriff, motion by Lance, second by Strider to approve the employment of Janet Irene Tilton as a full-time temporary Clerk for the Sheriff's Tax Office. Motion carried.

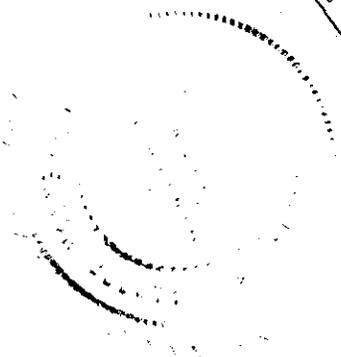
State of West Virginia, County of Jefferson, Sec.

Clerk's Office of the County Commission of Jefferson County, at Charles Town, in said State, exercising Probate Jurisdiction.

I, JOHN E. OTT, Clerk of said Commission having by law the custody of the seal, and all papers, books, documents and papers of or pertaining to said Commission, hereby certify the paper hereto annexed to be a true copy appertaining to said Commission and on file and of record in said office, to-wit: County Commission Minutes From Law Order's Book Y, at Page 22, regarding APPOINTMENT APPROVED - THOMAS WEST - JEFFERSON COUNTY PUBLIC SERVICE DISTRICT.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission this \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19\_\_ 88

By: *John E. Ott*  
Clerk of said Commission  
*Delma L. Pittenger, Deputy*



P.O. #15920

640.00

Dr. Francis H.V. Green, M.D. -  
Advance Airplane Ticket Fare to  
Testify in State v. Garnett Adams,  
Jr.

Upon rising, Commission adjourned to meet again on Thursday morning  
next at 9:30 o'clock A.M.

*W. J. Jones*  
~~PRESIDENT~~

**REGULAR TERM:**

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

At a Regular Term of the County Commission of said County and State,  
continued and held at the Courthouse thereof on **Thursday, January 29, 1987**,  
beginning at 9:30 o'clock A.M.

**PRESENT:** Garland H. Moore, Jr., President;  
Charles B. Clendening; Charles H. Strider, Jr.;  
Henry W. Morrow; R. Gregory Lance; Commissioners.

**In re: APPROVAL OF MINUTES - JANUARY 22, 1987**  
Motion by Morrow, second by Lance to approve as read the Minutes for  
the meeting held on Thursday, January 22, 1987. Motion carried.

**In re: RESIGNATION ACCEPTED - PAUL E. TAYLOR, JR. - PUBLIC SERVICE  
DISTRICT**  
Motion by Morrow, second by Lance to accept, with much regret, the  
resignation of Paul E. Taylor, Jr. from the Jefferson County Public Service  
District and that a letter of appreciation be directed to Mr. Taylor. Motion  
carried.

**In re: APPOINTMENT APPROVED - THOMAS WEST - PUBLIC SERVICE DISTRICT**  
Upon recommendation of Stanley E. Zombro, Chairman, Jefferson County  
Public Service District; motion by Clendening, second by Lance to approve the  
appointment of Thomas West to the Jefferson County Public Service District  
for the remainder of a six (6) year term, expiring December 1, 1991. Motion  
carried.

**In re: LETTERS DIRECTED TO LEGISLATORS - FRIDAY NIGHT HOURS FOR COURTHOUSE**  
Motion by Clendening, second by Morrow to direct letters to all  
legislators formally supporting the closing of the Courthouse on Saturdays  
and the opening of the Courthouse on Friday nights as such would be in the  
best interest of the community and the financial status of the county.  
Motion carried.

**In re: APPOINTMENT OF GUARDIAN - JACK W. HULL, INCOMPETENT VETERAN**  
Upon consideration of the testimony given, motion by Morrow, second  
by Lance to appoint Diana Cook Risavi as the Guardian for Jack W. Hull, an  
incompetent veteran, and to adopt and enter the following Order. Motion  
carried.

**ORDER**

This matter came on to be heard before the Jefferson County Commission on  
the 29th day of January, 1987; upon the filing of a Petition by Diana Cook  
Risavi, a practicing attorney before the bar of this county and a resident of  
Berkeley County, West Virginia, requesting that pursuant to a request of the  
Veterans Administration Regional Office in Washington, D.C. that she be  
appointed as financial guardian of Jack W. Hull, pursuant to West Virginia  
Code 44-15-3; upon Notice being sent to the incompetents nearest known  
relative, Terry Hull, his son, at his address of 1750 Pennsylvania Avenue,  
Hagerstown, Maryland 21740; upon the appearance of the Petitioner in person;  
and upon the appearance of Ralph A. Lorenzetti, Assistant Prosecuting  
Attorney for Jefferson County, West Virginia.

Whereupon the Commission proceeded to take the testimony of the  
Petitioner in conjunction with review of her Petition and its accompanying  
Certificate of Incompetency filed by Howard C. Lem, District Counsel for the  
Veterans Administration. It appearing that the Petition has been properly  
filed and is supported by accompanying documents and the Petitioner's  
testimony and it further appearing that this cause has been regularly  
proceeded with according to the requirements of the said statute.

It is accordingly ADJUDGED and ORDERED that the Petitioner, Diana Cook  
Risavi, shall be and is hereby appointed financial guardian for Jack W. Hull,

19C



# State of West Virginia,

COUNTY OF JEFFERSON, SC

I, Stanley <sup>E.</sup> Zombro, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Stanley <sup>E.</sup> Zombro, do solemnly swear that I will faithfully discharge and perform the duties of the office of Member of the Public Service Board (Jefferson County Public Service District) to the best of my skill and judgement, according to law, So help me God.

*Stanley E. Zombro*

the above oath was taken and subscribed before the Clerk of the County Court this 5th day of January, 1984.

*John E. Ott*

# State of West Virginia,

COUNTY OF JEFFERSON, SCT

I, Thomas M. West, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Thomas M. West, do solemnly swear that I will faithfully discharge and perform the duties of the office of Member of the Board of Jefferson County Public Service District to the best of my skill and judgement, according to law, So help me God.

*Thomas M. West*

the above oath was taken and subscribed before the Clerk of the County Court this 30th day of January, 1987.

*John E. Ott*  
Clerk of County Commission  
of Jefferson County, W.Va.

# State of West Virginia,

COUNTY OF JEFFERSON, SC

I, Carole A. Hall, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Carole A. Hall, do solemnly swear that I will faithfully discharge and perform the duties of the office of Jefferson County Public Service District to the best of my skill and judgement, according to law, So help me God.

*Carole A. Hall*

the above oath was taken and subscribed before the Clerk of County Commission this 22nd day of May, 1987.

*John E. Ott*  
Clerk of County Commission



RULES OF PROCEDURE

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Third Avenue, Ranson, West Virginia.

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

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

ARTICLE II

PURPOSE

This District is organized exclusively for the 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 \_\_\_\_\_ County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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

#### ARTICLE IV

##### MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

##### PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special

sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Jefferson 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 Jefferson 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:

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

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

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

funds for construction of \_\_\_\_\_  
\_\_\_\_\_ facilities of the District.

2.

\_\_\_\_\_  
Secretary

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

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these 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.

09/25/87  
HOLD4-T



JANUARY 7, 1988 - SPECIAL MEETING

TIME: 9:00 A.M.  
PLACE: PSD OFFICE  
ATTENDANCE: STANLEY ZOMBRO, CAROLE HALL, TOM WEST, DELANE RANDOLPH  
JOHN ARGO, AND BUD STINE.

The Chairman called the meeting to order.

This special meeting was called to meet with John Argo who has a contract to develop the Flowing Springs side of the Bliss Property and his request for sewer service there.

After John Argo and Delane Randolph left an election of officers for the 1988 Board was held.

Carole Hall made a motion to nominate Stanley Zombro for President. Tom West seconded the motion.  
Motion Carried.

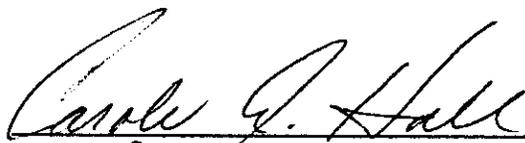
Stanley Zombro made a motion to nominate Carole Hall as Secretary. Tom West seconded the motion.  
Motion carried.

Stanley Zombro made a motion to nominate Tom West as Treasurer. Carole Hall seconded the motion.  
Motion carried.

Tom West made a motion to adjourn the meeting

Carole Hall seconded the motion.

Motin carried.

  
Secretary



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

MINUTES ON ADOPTION OF BOND AND NOTES  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, CAROLE A. HALL, SECRETARY of the Public Service Board of Jefferson County Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Jefferson County Public Service District met in special session, pursuant to notice duly posted, on the 2nd day of May, 1988, at Charles Town, West Virginia, at the hour of 9:30 a.m.

PRESENT: Stanley E. Zombro                   - Member and Chairman  
          Carole A. Hall                    - Member and Secretary  
          Thomas M. West                  - Member and Treasurer

ABSENT:   None

Also present was William B. Stine, Jr., General Manager of the Public Service District.

Stanley E. Zombro, Chairman, presided and Carole A. Hall acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Bond and Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B,

AND NOT MORE THAN \$4,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Thomas M. West, seconded by Carole A. Hall, it was unanimously ordered that the said Bond and Notes Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

and caused the same to be read and there was discussion. Thereupon, on motion of Thomas M. West, seconded by Carole A. Hall, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

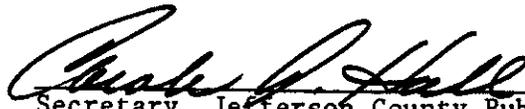
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I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 5th day of May, 1988.

  
Secretary, Jefferson County Public  
Service District, Public Service Board

05/02/88  
JEFF4-T



SEWER SERVICE AGREEMENT

THIS AGREEMENT, made this 29th day of April, 1988, by and between the CITY OF CHARLES TOWN, West Virginia, a municipal statutory corporation, party of the first part, hereinafter referred to as "CHARLES TOWN" and the CORPORATION OF RANSON, a municipal statutory corporation, party of the second part, hereinafter referred to as "RANSON" and JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a statutory corporation, party of the third part, hereinafter referred to as "the PUBLIC SERVICE DISTRICT".

WITNESSETH

WHEREAS, CHARLES TOWN presently owns and operates a wastewater treatment plant and interceptor sewer system; and,

WHEREAS, CHARLES TOWN intends to upgrade its treatment plant and to upgrade the interceptor system to the plant; and,

WHEREAS, RANSON presently owns an interceptor sewer and collector sewers; and,

WHEREAS, the PUBLIC SERVICE DISTRICT intends to construct interceptors, collector sewers, pump stations and to collect wastewater within portions of its service area; and,

WHEREAS, the PUBLIC SERVICE DISTRICT desires to contract with CHARLES TOWN and RANSON for the acceptance of the PUBLIC SERVICE DISTRICT's sewage into RANSON'S interceptors and CHARLES TOWN's interceptors and wastewater treatment plant for treatment and discharge into the Evitts Run upon the terms and conditions and for the charges hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

A. CHARLES TOWN agrees:

1. To construct necessary additions and improvements to its present secondary wastewater treatment plant, in order to bring its capacity to 1.2 million gallons per day, and to upgrade its pump station, force main, and Evitts Run interceptor sewer in its present system to be able to transport its own, RANSON's and the PUBLIC SERVICE DISTRICT's wastewater to the treatment plant. This construction and the subsequent operation of said facilities will be done totally at the expense of CHARLES TOWN subject to RANSON's and the PUBLIC SERVICE DISTRICT's agreement to use such facilities and to compensate CHARLES TOWN for such use as provided in this AGREEMENT. CHARLES TOWN shall retain full title to and ownership of the sewage treatment plant, its pump station, force main and interceptor sewer constructed or upgraded by it and neither the PUBLIC SERVICE DISTRICT nor RANSON shall acquire any title to or ownership of such facilities.
2. To operate and maintain said treatment plant, pump stations, and interceptor system in conformance and compliance with the U.S. Environmental Protection Agency's (EPA) National Pollution Discharge Elimination System Permit Program and other state and federal statutes, rules, and regulations, present and future.
3. To permit the PUBLIC SERVICE DISTRICT to connect its sanitary sewers to the designated manholes in the existing sewer system. There will be two (2) initial connection points to the CHARLES TOWN system and one (1) additional connection point to the RANSON system.

4. To transport sewage discharged into its system by the PUBLIC SERVICE DISTRICT and RANSON to the wastewater treatment plant, provide treatment, and discharge the treated water into Evitts Run in the same manner in which it handles its own wastewater.
5. To make charges for such service in accordance with the provisions of Article D below.
6. To adopt and enforce sewer use ordinances as may be necessary to restrict or prohibit the discharge of wastes which would cause an additional cost to treat such wastes over and above those expected for normal wastewater treatment.

B. The PUBLIC SERVICE DISTRICT agrees:

1. To construct, upgrade, operate and maintain at its own expense a wastewater collection system within its boundaries sufficient to collect and transport its wastewater to the designated points in the CHARLES TOWN sewer system or the RANSON sewer system. The PUBLIC SERVICE DISTRICT shall retain full title to and ownership of its wastewater collection system constructed or upgraded by it.
2. To adopt and enforce sewer use ordinances as may be necessary to restrict or prohibit discharge of wastes which would be determined by CHARLES TOWN or RANSON to be harmful to the condition or performance of its interceptors, pump stations, or treatment plant or which would cause additional cost to treat such wastes over and above those expected for normal wastewater treatment.

3. To upgrade at its own expense any sewer lines in the RANSON sewer system which will have to be enlarged due to the increase in flow from the PUBLIC SERVICE DISTRICT.
4. To provide at its expense, testing at a laboratory acceptable to CHARLES TOWN, of the raw wastewater being discharged from the PUBLIC SERVICE DISTRICT into the CHARLES TOWN and RANSON systems. Tests will be made monthly, or as may be necessary as determined by CHARLES TOWN's wastewater treatment plant operators, and will include as a minimum the following:
  - (a) temperature
  - (b) pH
  - (c) BOD<sub>5</sub>
  - (d) SS
  - (e) TKN

The PUBLIC SERVICE DISTRICT will also make at its expense such tests as may be required by any governmental agency, state or federal, having jurisdiction or regulatory authority over its system or authority to require such testing. Other tests or more frequent testing, as may be reasonable, may be required at the option of CHARLES TOWN, if CHARLES TOWN believes that any problem or problems exist within the PUBLIC SERVICE DISTRICT system. If testing establishes that the problem or problems do not exist within the PUBLIC SERVICE DISTRICT system, then the tests shall be paid for by CHARLES TOWN. If testing establishes

the existence of the problem or problems, then the tests shall be paid for by the PUBLIC SERVICE DISTRICT. The PUBLIC SERVICE DISTRICT will provide a copy of the test results to CHARLES TOWN and will keep a copy for a permanent record. These tests, or tests similar in nature, may be requested by RANSON under the same cost allocation method.

5. To provide to CHARLES TOWN and RANSON reproducible copies of "As Built" plans for the complete sewer system. Updated drawings are to be provided periodically so that CHARLES TOWN and RANSON have current information on the PUBLIC SERVICE DISTRICT's sewer.
6. To pay to CHARLES TOWN the sewer service charges calculated in accordance with Article D below.
7. To adopt, maintain, and enforce ordinances providing for sewer service charges to customers served by the sanitary sewer system of the PUBLIC SERVICE DISTRICT which at all times provide sufficient revenue to:
  - (a) Operate and maintain the sanitary sewer system of the PUBLIC SERVICE DISTRICT in good and proper working order;
  - (b) Pay all debt service obligations and operating expenses of the PUBLIC SERVICE DISTRICT payable from revenues of its sanitary sewer system;
  - (c) Pay all sewer service charges billed by CHARLES TOWN to the PUBLIC SERVICE DISTRICT and all other financial obligations owned by the PUBLIC SERVICE DISTRICT to CHARLES TOWN under the terms of this AGREEMENT.
  - (d) Permit the PUBLIC SERVICE DISTRICT to perform, without default, all of its obligations under this AGREEMENT.

8. To cause the sewage collected by the PSD in the CHARLES TOWN-RANSON SYSTEM AREA as defined in the EPA 201 FACILITY PLAN, to be treated only by Charles Town during the term of this agreement or until Charles Town reaches its capacity, whichever event first occurs. The intent of this paragraph is to ensure that Charles Town maximizes its income in order to meet debt service requirements and all operation and maintenance costs.
9. To provide Workers' Compensation coverage for its employees and liability insurance coverages in the amount of \$1,000,000. Liability insurance is now available from the State.

C. RANSON agrees:

1. To upgrade, operate and maintain at its own expense a wastewater collection system within its boundaries sufficient to collect and transport its wastewater to the designated points in the CHARLES TOWN sewer system. RANSON shall retain full title to and ownership of its wastewater collection system constructed or upgraded.
2. To adopt, or revise as necessary, and enforce sewer use ordinances as may be necessary to prohibit discharge of wastes which would be determined by CHARLES TOWN to be harmful to the condition or performance of its interceptors, pump stations, or treatment plant or which would cause additional cost to treat such wastes over and above those expected for normal wastewater treatment.

3. To provide at its expense, testing at a laboratory acceptable to CHARLES TOWN, of the raw wastewater being discharged from RANSON into the CHARLES TOWN system. Tests will be made monthly, or as may be necessary as determined by CHARLES TOWN's wastewater treatment plant operators, and will include as a minimum the following:

- (a) temperature
- (b) pH
- (c) BOD<sub>5</sub>
- (d) SS
- (e) TKN

RANSON will also make at its expense such tests as may be required by any governmental agency, state or federal, having jurisdiction or regulatory authority over its system or authority to require such testing. Other tests or more frequent testing, as may be reasonable, may be required at the option of CHARLES TOWN, if CHARLES TOWN believes that any problem or problems exist within the RANSON system. If testing establishes that the problem or problems do not exist within the RANSON system, then the tests shall be paid for by CHARLES TOWN. If testing establishes the existence of the problem or problems, then the tests shall be paid for by RANSON. RANSON will provide a copy of the test results to CHARLES TOWN and will keep a copy for a permanent record.

4. To provide to CHARLES TOWN reproducible copies of "As Built" plans for the complete sewage collection system. Updated drawings are to be provided periodically so that CHARLES TOWN has current information on RANSON's sewer.

5. To pay to CHARLES TOWN the sewer service charges calculated in accordance with Article D below.
6. To adopt, revise, maintain, and enforce ordinances providing for sewer service charges to customers served by the sanitary sewer system of RANSON which at all times provide sufficient revenue to:
  - (a) Operate and maintain the sanitary sewer system of RANSON in good and proper working order;
  - (b) Pay all debt service obligations and operating expenses of RANSON payable from revenues of its sanitary sewer system;
  - (c) Pay all sewer service charges billed by CHARLES TOWN to RANSON and all other financial obligations owned by RANSON to CHARLES TOWN under the terms of this AGREEMENT.
  - (d) Permit RANSON to perform, without default, all of its obligations under this AGREEMENT.
7. To cause all sewage collected within RANSON or which reasonably and financially feasibly can be collected by RANSON to be treated by CHARLES TOWN during the terms of this AGREEMENT. RANSON expressly covenants and warrants that it will not treat such sewage or permit or allow any party, other than CHARLES TOWN, to treat such sewage during the term of this AGREEMENT, unless otherwise agreed to in writing by CHARLES TOWN.
8. To provide Workers' Compensation coverage for its employees and liability insurance coverages in the amount of \$1,000,000.

**D. Calculation of Payment of Sewer Service Charges:**

1. Except as otherwise herein specified, CHARLES TOWN agrees to bill a Sewer Service Fee on a monthly basis to the PUBLIC SERVICE DISTRICT and RANSON for its proportionate share of the operating costs as described in Paragraph 2 below and other costs incurred by CHARLES TOWN in Paragraphs 3 and 4 below, and the PUBLIC SERVICE DISTRICT and RANSON agree to pay for all services so billed, except as otherwise herein specified, within ten (10) days from the receipt of a bill or statement therefore.
  
2. The PUBLIC SERVICE DISTRICT and RANSON agree that they will pay to CHARLES TOWN their proportionate share of the operating and maintenance costs of CHARLES TOWN's treatment plant and interceptor system as hereinafter defined. Such operating and maintenance costs shall include the cost of all labor, power, chemicals, equipment, materials, vehicle expense, repair, replacement, improvement, depreciation, overhead, and general and administrative expenses including health and retirement used in or reasonably related to the operation and maintenance of the treatment plant and interceptor system as herein defined. For purposes of this AGREEMENT, the CHARLES TOWN interceptor system shall mean those sewers, pump stations, force mains and other facilities within the CHARLES TOWN system which are used jointly by the PUBLIC SERVICE DISTRICT and CHARLES TOWN or RANSON and CHARLES TOWN for transportation of sewerage to the treatment plant, or solely by the PUBLIC SERVICE DISTRICT or solely by RANSON for such purpose, and the locations of which are shown and identified generally on the map attached hereto as Attachment A. The operation and maintenance costs of the interceptor system and other facilities used solely by CHARLES TOWN shall be incurred by CHARLES TOWN.

The operation and maintenance costs of the interceptor system and other facilities used solely by RANSON shall be incurred by RANSON. Likewise, the operation and maintenance costs of the PUBLIC SERVICE DISTRICT's interceptor system and other facilities used solely by the PUBLIC SERVICE DISTRICT shall be incurred by the PUBLIC SERVICE DISTRICT. The PUBLIC SERVICE DISTRICT and RANSON will sign a separate agreement to provide for the operation and maintenance of the trunk line owned by the PUBLIC SERVICE DISTRICT and located within RANSON.

The PUBLIC SERVICE DISTRICT's, RANSON's and CHARLES TOWN's proportionate shares of such operating and maintenance costs of the jointly used systems shall be based upon the amount of sewerage which flows through the various sewers as measured by the flow meter equipment set forth and described hereinafter.

The PUBLIC SERVICE DISTRICT shall provide and install at their sole expense at each point of entry into the CHARLES TOWN system, a recording meter of a size and type approved by CHARLES TOWN, sufficient to measure accurately sewerage which is being delivered from the PUBLIC SERVICE DISTRICT to CHARLES TOWN. The PUBLIC SERVICE DISTRICT shall each be responsible for maintaining, repairing or replacing said meters at their sole expense, but CHARLES TOWN, at its option, may perform such work, if the PUBLIC SERVICE DISTRICT fails to accomplish the same properly and promptly, with all costs for such work being charged to the PUBLIC SERVICE DISTRICT. CHARLES TOWN shall cause said meters to be calibrated and read at regular intervals and shall determine therefrom the monthly flow of sewerage from the PUBLIC SERVICE DISTRICT into CHARLES TOWN's system for transportation and treatment.

The PUBLIC SERVICE DISTRICT shall provide and install at their sole expense at each point of entry into the RANSON system, a recording meter of a size and type approved by RANSON, sufficient to measure accurately sewerage which is being delivered from the PUBLIC SERVICE DISTRICT to RANSON. The PUBLIC SERVICE DISTRICT shall each be responsible for maintaining, repairing or replacing said meters at their sole expense, but RANSON, at its option, may perform such work, if the PUBLIC SERVICE DISTRICT fails to accomplish the same properly and promptly, with all costs for such work being charged to the PUBLIC SERVICE DISTRICT. RANSON shall cause said meters to be calibrated and read at regular intervals and shall determine therefrom the monthly flow of sewerage from the PUBLIC SERVICE DISTRICT into RANSON's system for transportation and treatment.

RANSON shall provide and install at their sole expense at each point of entry into the CHARLES TOWN system, a recording meter of a size and type approved by CHARLES TOWN, sufficient to measure accurately sewerage which is being delivered from RANSON to CHARLES TOWN. RANSON shall each be responsible for maintaining, repairing or replacing said meters at their sole expense, but CHARLES TOWN, at its option, may perform such work, if RANSON fails to accomplish the same properly and promptly, with all costs for such work being charged to RANSON. CHARLES TOWN shall cause said meters to be calibrated and read at regular intervals and shall determine therefrom the monthly flow of sewerage from RANSON into CHARLES TOWN's system for transportation and treatment.

CHARLES TOWN shall maintain a recording meter at its treatment plant and shall cause it to be calibrated and read at regular intervals.

CHARLES TOWN shall determine therefrom the monthly amount of sewerage treated at the plant. Utilizing the total amount of sewerage treated at the plant as the denominator of a fraction, CHARLES TOWN shall determine on a monthly basis the proportionate usage of the treatment plant for each party to this AGREEMENT as follows:

- (a) The PUBLIC SERVICE DISTRICT share equals the total of monthly readings of all its meters divided by the total sewerage treated at the plant.
- (b) RANSON's share equals the total monthly readings at its meters minus the PUBLIC SERVICE DISTRICT's meters which tie into RANSON divided by the total sewerage treated at the plant.

If meters are not available or are malfunctioning or inoperative, CHARLES TOWN shall determine the proportionate use of the plant by estimating for the period involving the PUBLIC SERVICE DISTRICT's and RANSON's usage. In making such estimate, CHARLES TOWN shall give reasonable consideration to the PUBLIC SERVICE DISTRICT's and RANSON's prior usage determined by metering, the PUBLIC SERVICE DISTRICT's and RANSON's water consumption, including both metered and non-metered water usage, CHARLES TOWN's water consumption, including both metered and non-metered water usage, surface infiltration into all systems, and any other material factors. If the PUBLIC SERVICE DISTRICT or RANSON objects to the calculation, it shall provide to CHARLES TOWN its own calculations of its usage and the data used in making such calculations. The parties agree to make a good faith effort to resolve the dispute and, if they are unable to do so, may submit the matter to arbitration as herein provided. Pending resolution, the PUBLIC SERVICE

DISTRICT or RANSON shall make payment (if payment is due) based on CHARLES TOWN's calculations and shall be entitled to refund, with interest at ten percent (10%) from payment date, on any excess amount which it is determined has been paid improperly.

CHARLES TOWN will keep a separate record of the cost of operating the treatment plant and interceptor system, and will establish a semi-annual cost of operation. That semi-annual operating cost will be used to establish the next six (6) monthly billings to the PUBLIC SERVICE DISTRICT and RANSON by multiplying the semi-annual operating costs by the proportioning factor for the PUBLIC SERVICE DISTRICT and RANSON and dividing by six (6). When the next term's operating costs are established, an additional (lesser) amount due from the PUBLIC SERVICE DISTRICT or RANSON for the preceding term will be added (subtracted) in equal amounts to (from) the remaining monthly bills for that term.

During the first year of operation, operating cost estimates provided by CHARLES TOWN's consulting engineer will be used to establish proportionate shares. For purposes of this AGREEMENT, the first year of operation shall be the period of time from start up of the treatment plant to the end of the fiscal year in which start up occurred. If any party believes that the period of time involved in the first year of operation is insufficient to allow CHARLES TOWN to make a reasonable determination of annual operating costs for the next operating term, then operating cost estimates provided by CHARLES TOWN's consulting engineer will be used to establish proportionate shares for the next term of operation. After the first year of operation, all terms of operation shall be based on the CHARLES TOWN fiscal year unless otherwise mutually agreed by the parties.

The PUBLIC SERVICE DISTRICT and RANSON will have the right to inspect and calibrate the meter at the treatment plant, as well as meters measuring its own flow, and will have access to all meter charts, readings and calibration records, as well as operating cost information of the entire CHARLES TOWN sewage system.

3. The parties understand and agree that each of the parties hereto shall have certain items to be constructed which shall be used solely by their own systems and certain items to be constructed which shall be used jointly by the parties (shared items). The shared items consist of the upgraded and expanded treatment plant and the interceptor system as herein defined. The items which are to be used solely by each party to this AGREEMENT consist of sewer lines and related facilities within the system which will service only the customers of the owner of the system and which are not to be used by the other parties to this AGREEMENT.
4. As part of the Sewer Service Fee the PUBLIC SERVICE DISTRICT agrees that it will pay to CHARLES TOWN the cost to construct the 400,000 gallon expansion of the wastewater treatment plant units and equipment. Such costs shall include, but shall not be limited to, construction costs, inspection costs, debt service and coverage for revenue bonds to pay the actual cost of construction, engineering fees, legal fees, and rights-of-way, bond sale costs and all other related costs.

In determining the PUBLIC SERVICE DISTRICT's costs, any portion of said cost paid through EPA or other governmental grants to CHARLES TOWN shall be deducted therefrom and the PUBLIC SERVICE DISTRICT's liability shall be based upon the portion of said costs which are not paid through CHARLES TOWN's grant or grants.

5. As part of the Sewer Service Fee the PUBLIC SERVICE DISTRICT agrees that it will pay to CHARLES TOWN its (the PUBLIC SERVICE DISTRICT's) proportionate share of the costs to construct the enlarged interceptor sewer system and the enlarged Charles Town pump station and forcemain. Such costs shall include, but shall not be limited to, construction costs, inspection costs, debt service and coverage for revenue bonds to pay the actual cost of construction, engineering fees, legal fees, inspection costs, land and rights-of-way, bond sale costs and all other related costs. The proportion of these costs and other related costs will be based upon the design flow from the two entities. The PUBLIC SERVICE DISTRICT's share of these costs will be 40.4% and CHARLES TOWN's share will be 59.6%, the parties hereto, after due and proper consideration and with the advice and consent of their consulting engineers, agreeing that such apportionment represents a fair and equitable division of the costs. The costs, which the above percentages shall be applicable, shall be determined by taking the total cost of the project, less any sums received from EPA or other governmental grants to Charles Town concerning this project.
6. The PUBLIC SERVICE DISTRICT and RANSON agree that they will pay a Sewer Service Fee to CHARLES TOWN for their (the PUBLIC SERVICE DISTRICT's and RANSON's) proportionate share of the costs to upgrade portions of the sewage treatment plant to higher discharge standards required by law. Such costs shall include, but shall not be limited to, construction costs, inspection costs, debt service and coverage for revenue bonds to pay the actual cost of construction, engineering fees, legal fees, and rights-of-way, bond sale costs and any other related, verified costs. The

proportion of these costs and other related costs will be based upon the design flow from the three entities which are 330,000 gallons per day from RANSON, 400,000 gallons per day from the PUBLIC SERVICE DISTRICT and 470,000 gallons per day from CHARLES TOWN. The PUBLIC SERVICE DISTRICT's share of these costs will be 33.3%, RANSON's share will be 27.5% and CHARLES TOWN's share will be 39.2%. The parties, after due and proper consideration and with the advice and consent of their consulting engineers, agree that such apportionment represents a fair and equitable division of the costs. In determining the PUBLIC SERVICE DISTRICT's and RANSON's share of such costs, any portion of said costs paid through EPA or other governmental grants to CHARLES TOWN shall be deducted therefrom and the PUBLIC SERVICE DISTRICT's and RANSON's liability shall be based upon the portion of said costs which are not paid through CHARLES TOWN's grant or grants.

7. The PUBLIC SERVICE DISTRICT and RANSON shall pay their share of the above costs by paying to CHARLES TOWN as part of their Sewer Service Fee that portion of any debt service costs to CHARLES TOWN, including principal and interest, depreciation fund, sinking fund, and reserve accounts, which are to be paid or deposited by CHARLES TOWN under their revenue bond issue which has been or will be authorized to finance construction of the improvements.

The parties hereto, with the assistance of their consulting engineers and accountants, shall agree upon the respective portions of CHARLES TOWN's debt service costs which are allocated to shared items for expansion and the shared items for upgrading and the portion thereof which are allocated to items to be used solely by CHARLES TOWN. In making this determination, the parties shall first fix the percentage of CHARLES TOWN's construction

and engineering costs which are allocated to shared items and non-shared items, utilizing bid or contract line items where the nature of such costs are specifically set forth or identified and engineer's apportionment where such costs are not specifically set forth or identified. This percentage shall then be applied to the local share project cost (total cost minus any grants) to determine the allocation among shared and non-shared items for all other costs funded in the debt service payments.

If the parties hereto cannot agree, after a good faith attempt, upon the portion of CHARLES TOWN's debt service costs which are allocated to shared items and which are to be paid jointly by the parties, then such matter may be subject to binding arbitration as herein set forth.

CHARLES TOWN shall notify the PUBLIC SERVICE DISTRICT and RANSON annually of the monthly payment required by CHARLES TOWN under its bond issue and the amount of the monthly payments due from the PUBLIC SERVICE DISTRICT and from RANSON, and the PUBLIC SERVICE DISTRICT and RANSON shall each pay to CHARLES TOWN their respective share of said payment not later than five (5) days before the due date of the bond payment. The PUBLIC SERVICE DISTRICT and RANSON expressly covenants and warrants that it will make all such payments to CHARLES TOWN as due in order to protect CHARLES TOWN from suffering default under its revenue bond issue.

Nothing herein contained shall be construed in any manner so as to provide the PUBLIC SERVICE DISTRICT or RANSON title to or any interest in the ownership in CHARLES TOWN's sewer treatment plant or interceptor system. The parties expressly understand and agree that CHARLES TOWN is to retain full and complete title to and ownership of its sewer treatment plant and interceptor system and that neither the PUBLIC

SERVICE DISTRICT nor RANSON is to derive title to or ownership of the same by the payments herein required. The PUBLIC SERVICE DISTRICT and RANSON shall, however, by such payments and compliance with their other obligations hereunder, acquire the rights to use said treatment plant and interceptor system as provided in this AGREEMENT.

8. As a part of the Sewer Service Fee the PUBLIC SERVICE DISTRICT and RANSON agree that they will pay to CHARLES TOWN a share of the total existing bond debt for existing facilities as the PUBLIC SERVICE DISTRICT will receive benefit from existing sewer facilities. As long as said existing bonds remain unrefunded or unpaid, the amount paid by the PUBLIC SERVICE DISTRICT shall be 11.7% of the total debt service and reserve account amount and the amount paid by RANSON shall be 9.6% times the total debt service and reserve account amounts. This payment will be made by the PUBLIC SERVICE DISTRICT and RANSON only so long as CHARLES TOWN is making payments on this debt. If CHARLES TOWN's existing bonds are refunded, i.e., paid off or defeased through CHARLES TOWN's new revenue bond issue, then the PUBLIC SERVICE DISTRICT's and RANSON's obligations under this paragraph shall be satisfied by the PUBLIC SERVICE DISTRICT's and RANSON's payments to CHARLES TOWN of its proportionate share of debt service under CHARLES TOWN's new revenue bond issue, with the total amount of new bonds issued to refund or defease the old bonds treated as if they were expended for shared items. The PUBLIC SERVICE DISTRICT's and RANSON's payment under this paragraph, if said old bonds are not refunded, shall be made at the same time and in the same manner as the PUBLIC SERVICE DISTRICT's and RANSON's payments under CHARLES TOWN's new bond issue.

9. CHARLES TOWN agrees to prepare, for the information of the parties of this AGREEMENT, an annual statement identifying in separate amounts all costs associated with the operation of its wastewater treatment plant and its interceptor system, and all costs associated with the operation of the rest of CHARLES TOWN's sewer system. The operating costs of the treatment plant and interceptor system so defined shall be used to establish the proportionate share to be paid by the PUBLIC SERVICE DISTRICT. The cost of this statement shall be considered an administrative expense as described in Article D, Paragraph 2 above.

E. Limitations of Use:

1. Throughout the term of this AGREEMENT the maximum share of the capacity of the sewage treatment plant is to be 330,000 gallons per day for RANSON, 470,000 gallons per day for CHARLES TOWN and 400,000 gallons per day for the PUBLIC SERVICE DISTRICT. When any party reaches 90% of their allotted share on a regular basis and one of the other parties still has additional available excess capacity, then by mutual agreement of all parties, this AGREEMENT may be renegotiated to allow use of this excess capacity by the party requiring additional capacity and to provide adequate compensation and/or reimbursement to the party with the excess capacity for the debt service previously paid in support of that capacity, and for the debt service to be paid in the future.
2. The PUBLIC SERVICE DISTRICT, RANSON and CHARLES TOWN agree that, except as hereinafter provided, it will permit no user of their systems to discharge or cause to be discharged any of the following described waters or wastes into any of the sewer lines:

- (a) No user shall discharge or cause to be discharged any unpolluted waters such as storm water, ground water, roof runoff, subsurface drainage, or cooling water to any sanitary sewer, or any such waters which the user might have caused to be polluted to avoid this prohibition.
- (b) No user shall discharge or cause to be discharged any of the following described waters or wastes to any sanitary sewer:
  - (1) Any gasoline, benzene, naphtha, fuel oil, motor oil or other flammable or explosive liquid, solid, or gas.
  - (2) Any water or waste with a biochemical oxygen demand (BOD) in excess of 300 milligrams per liter.
  - (3) Any water or waste containing suspended solids in excess of 300 milligrams per liter.
  - (4) Any water containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any waste treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the wastewater treatment plant effluent.
  - (5) Any water or waste having pH lower than 6.0 or greater than 8.5 or having any other corrosive property capable of causing damage or hazard to structures, equipment, or personnel of the wastewater facilities or the sanitary sewers.
  - (6) Any solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sanitary sewers, or other interference with the proper operation of the wastewater facilities

such as, but not limited to, gravel, ashes, bones, red dog, sand, mud, coal, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, unground garbage, whole blood, paunch manure, hair and fleshings, entrails, and paper dishes, cups, milk, containers, etc., either whole or ground by garbage grinders.

- (c) The following described substances, materials, waters, or wastes shall be limited in discharges to the sewer system, to concentrations or quantities which will not harm either the sanitary sewers or wastewater facilities; will not have an adverse effect on the receiving stream; or will not otherwise endanger lives, limb, public property, or constitute a nuisance. The limitations or restrictions on materials or characteristics of waste or wastewater discharged to the sewer system which shall not be exceeded by any user without prior approval are as follows:
- (1) Wastewater having a temperature higher than 40° C.
  - (2) Wastewater containing more than 25 milligrams per liter of petroleum oil, nonbiodegradable cutting oils, or products of mineral oil origin.
  - (3) Wastewater containing floatable oils, fat, or grease in excess of 500 milligrams per liter.
  - (4) Any garbage that has not been properly shredded with no particle greater than 1/2 inch in any dimension. Garbage grinders may be connected to sanitary sewers only from homes, hotels, institutions, restaurants, hospitals, or similar places where garbage originates from the preparation of food in on-site kitchens for the purpose of consumption on the premises.

- (5) Any water or waste containing iron, chromium, copper, zinc, mercury, and similar objectionable or toxic substances to such degree that any such material received in the composite wastewater at the wastewater facilities exceeds the limits established by the Governing Body for such materials.
  - (6) Any water or waste containing color-producing or odor-producing substances exceeding limits which may be established by the Governing Body.
  - (7) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the Governing Body in compliance with applicable state or federal regulations.
  - (8) Quantities of flow, concentrations, or both which constitute a "slug" as defined herein.
  - (9) Water or waste containing substances such as synthetic detergents which are not amenable to treatment or reduction by the wastewater facilities employed, or are amenable to treatment only to such degree that the wastewater facilities effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.
3. "Normal sanitary sewage" shall be construed to fall within the following ranges at the effluent point of any commercial or industrial plant in question:
- 300 ppm BOD<sub>5</sub>
  - 300 pp Suspended Solids
4. Any commercial or industrial user shall provide, at its expense, such preliminary treatment as may be necessary to:

- (a) Reduce the biochemical oxygen demand to 300 parts per million and the suspended solids to 300 parts per million by weight, or
  - (b) Reduce the chlorine demand to 15 parts per million, or
  - (c) Reduce objectionable characteristics or constituents to within the maximum limits provided for, or
  - (d) Control the quantity and rates of discharge of such waters and wastes.
5. Plans, specifications and any other pertinent information relating to proposed preliminary treatment facilities shall be submitted by the PUBLIC SERVICE DISTRICT, RANSON or CHARLES TOWN for the approval or disapproval of the other parties within fifteen (15) days, and any other State or Federal agencies that may have jurisdiction over the subject matter, and no construction of such facilities shall be commenced, or authorized until such approvals are obtained in writing.
6. Where preliminary treatment facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner thereof, at said owner's expense.
7. When required by CHARLES TOWN, the owner of any property served by a sewer line carrying industrial wastes shall install a suitable control manhole in the sewer connecting to the public sewer system in order to facilitate observation, sampling and measurement of wastes. Such manhole, when required, shall be accessible and safely located and shall be constructed in accordance with plans approved by CHARLES TOWN. The manhole shall be installed by the owner at its expense and shall be maintained by it so as to be safe and accessible at all times.

8. All measurements, tests and analyses of the characteristics of waters and wastes to which reference is here made shall be determined in accordance with the current edition of "Standard Methods of Examination of Waste and Sewage," published by American Public Health Association, American Water Works Association, and Water Pollution Control Federation, upon suitable samples taken at the control manhole provided for above. In the event that no special manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the public sewer from the point at which the building (or private sewer) is connected.

F. General Provisions:

1. It is understood and agreed by and between the parties hereto that, notwithstanding the covenants and agreements contained herein, the PUBLIC SERVICE DISTRICT's system, RANSON's system and CHARLES TOWN's system will be and remain separate and distinct entities for the purpose of administration and establishing sewer rates, and for all other purposes. The operation and control of one system shall not affect the other system, and rates and charges established for each system shall not be affected by the rates, charges, experience, activities, or operation of the other system, except as herein specifically provided.
2. The parties hereto agree that no new customers will be connected to the wastewater system without engineering documentation that the system is capable of handling the wastewater.
3. CHARLES TOWN currently serves customers, or is by contract (easements) committed to serve customers outside the corporate boundaries. These are lots 27, 28, 29 and 30 on the east side of South Samuel Street, and lots 13,

14, 15 and 16 (former Eagle Avenue School Property) on the west side of Eagle Avenue at intersection of Harewood and Eagle Avenues. These lots will continue to be CHARLES TOWN customers.

Sewers owned, operated and maintained by CHARLES TOWN and RANSON will remain under their control unless there is a negotiated agreement, acceptable to both CHARLES TOWN or RANSON and the PUBLIC SERVICE DISTRICT, for a transfer to the PUBLIC SERVICE DISTRICT. If RANSON or CHARLES TOWN should annex portions of the PUBLIC SERVICE DISTRICT into the corporation boundaries, sewers owned, operated, and maintained by the PUBLIC SERVICE DISTRICT would remain under its control unless there is a negotiated agreement, acceptable to the PUBLIC SERVICE DISTRICT and CHARLES TOWN or RANSON, for the transfer to CHARLES TOWN or RANSON, respectively. Neither of these provisions are intended to impede the purpose of the PUBLIC SERVICE DISTRICT to provide sewer service within its boundaries or to restrict CHARLES TOWN's or RANSON's opportunity for annexation. The sole purpose is to protect the capital investment and operating economic viability of each party's respective sewerage system.

4. The parties hereto agree that they will make a good faith effort to resolve any differences which arise at anytime in connection with the interpretation or performance of this AGREEMENT. In the event that the parties are unable to resolve any difference between them, then such matter may be submitted to binding arbitration. Each of the parties hereto shall select one arbitrator and the three arbitrators so selected shall select a fourth arbitrator. The arbitration proceeding shall be governed by the procedural rules of the American Arbitration Association, except as modified by West

Virginia statute, and the decision of the arbitrators shall be binding upon the parties. Each party shall pay its own attorney fees, but other costs of the arbitration proceeding, including the fees and expenses of the arbitrators, shall be paid as directed by the arbitrators.

5. In the event that the PUBLIC SERVICE DISTRICT or RANSON 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 PUBLIC SERVICE DISTRICT or RANSON fails to perform any other term, obligation, or condition of this AGREEMENT, and fails to correct such default (or to commence correction of such default if correction shall reasonably require more than twenty (20) days), within twenty (20) days of receipt of written notice from CHARLES TOWN specifying such default, then CHARLES TOWN shall have the following rights and remedies:
  - (a) The right to require specific performance by the PUBLIC SERVICE DISTRICT or RANSON, through institution of a civil action against the PUBLIC SERVICE DISTRICT or RANSON in the Circuit Court of Jefferson County;
  - (b) The right to correct such default itself and to charge the PUBLIC SERVICE DISTRICT or RANSON for its costs;
  - (c) The right to seek damages from the PUBLIC SERVICE DISTRICT or RANSON through institution of a civil action against the PUBLIC SERVICE DISTRICT or RANSON in the Circuit Court of Jefferson County;
  - (d) The right to pursue any other remedy against the PUBLIC SERVICE DISTRICT or RANSON which it may have under the laws of the State of West Virginia.

6. In the event that CHARLES TOWN fails to perform any term, obligation or condition of this AGREEMENT, and fails to correct such default (or to commence correction of such default if correction shall reasonably require more than twenty (20) days), within twenty (20) days of receipt of written notice from the PUBLIC SERVICE DISTRICT or RANSON specifying such default, then the PUBLIC SERVICE DISTRICT or RANSON shall have the following remedies:
- (a) The right to require specific performance by the PUBLIC SERVICE DISTRICT or RANSON, through institution of a civil action against CHARLES TOWN in the Circuit Court of Jefferson County;
  - (b) The right to correct such default itself and to charge CHARLES TOWN for its costs;
  - (c) The right to seek damages from CHARLES TOWN through institution of a civil action against CHARLES TOWN in the Circuit Court of Jefferson County;
  - (d) The right to pursue any other remedy against CHARLES TOWN which it may have under the laws of the State of West Virginia.
7. Notwithstanding anything herein contained to the contrary, if it appears at anytime to any party hereto, after good faith investigation, that the rates and charges being made by the other party are insufficient to permit the other party to perform its obligations hereunder, then the party so making such determination shall have the right to institute before the regulatory agency which sets and approves rates and charges for the other party such proceedings as may be necessary and required to cause an increase in rates and charges sufficient to allow the other party to meet its obligations hereunder.

8. This agreement shall be binding upon the parties hereto and shall not be changed, altered or amended, or any of its terms waived except by mutual consent and unless in writing and executed with the same form as this agreement.
9. Notwithstanding anything herein contained to the contrary, this AGREEMENT shall not become effective and binding upon the parties hereto unless and until all parties are able to acquire financially feasible construction bids and contracts for their sewerage projects affected by this AGREEMENT. This AGREEMENT further shall be subject to approval by EPA and such regulatory agencies which have jurisdiction over the parties. In the event such approvals cannot be obtained for this AGREEMENT as executed by the parties, then the parties agree to make a good faith effort to renegotiate such portions of the AGREEMENT for which approval cannot be obtained.
10. This AGREEMENT shall remain in full force until such time as all revenue bonds issued by CHARLES TOWN to finance the project are paid and discharged in full or 30 years, whichever is longer. In the event that the bonds are paid off in advance of their normal term, the parties hereby agree to extend the AGREEMENT until the full capacity of the wastewater plant is reached, and to continue usage of the plant at that capacity regardless of other treatment plants constructed throughout the DISTRICT. In the event that the plant capacity is reached prior to the full payment of the bonds, the parties hereby agree to enter into a new agreement for expansion of the plant to the mutual benefit of all parties. If only one of the entities involved is in need of additional capacity, the parties hereby agree to enter into good faith negotiations to enlarge the plant in the best interest of the region.

11. RANSON and the PUBLIC SERVICE DISTRICT are hereby given an option to renew this agreement for an additional term of 30 years at the expiration of the term of this agreement on the same terms, covenants and conditions as provided herein; provided, however, that written notice of the exercise of this option shall be given by RANSON and the PUBLIC SERVICE DISTRICT to CHARLES TOWN at least 6 months before the expiration of the original term of this agreement. A new agreement shall be executed on such renewal, setting out the covenants, conditions and other terms of this agreement.
12. In the event that the Federal or State governments change the treatment requirements to stricter and more expensive standards, the parties hereby agree to enter into a plan to enhance the treatment plant capability in order to meet these standards on a prorata share basis based on flow capacity assigned to the party.

IN WITNESS WHEREOF, the parties hereto have made and executed this SEWER SERVICE AGREEMENT by their appropriate officers as of the day and year first above written.

THE CITY OF CHARLES TOWN

By: [Signature]  
Its Mayor

ATTEST:

[Signature]  
Its Clerk

CORPORATION OF RANSON

By: [Signature]  
Its Mayor

ATTEST:

[Signature]  
Its Recorder

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT  
CHARLES TOWN, WEST VIRGINIA

By: [Signature]  
Its Chairman

ATTEST:

[Signature]  
Its Secretary



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

May 10, 1988

CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.  
W. RANDOLPH FIFE

OF COUNSEL  
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

Jefferson County Public Service District  
Sewer Revenue Bonds, Series 1988 A

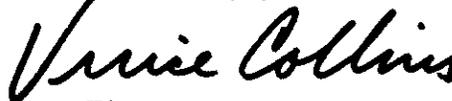
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,



Vincent A. Collins

Enclosure

Copies of letter with enclosure to:  
Taunja Willis Miller, Esquire  
Mr. William B. Stine, Jr.

05/10/88

JEFF4-N

Form **8038-G**

(December 1986)

Department of the Treasury  
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Bond Issues

Under Section 149(e)

(Use Form 8038-GC if issue price is under \$100,000.)

OMB No. 1545-0720

Expires 12-31-89

## Part I Reporting Authority

Check box if Amended Return

|  |   |
|--|---|
| 1 Issuer's name<br>Jefferson County Public Service District        | 2 Issuer's employer identification number<br>55-0662529 |
| 3 Number and street<br>Third Street                                | 4 Report number<br>G198 8 - 1                           |
| 5 City or town, state, and ZIP code<br>Ranson, West Virginia 25438 | 6 Date of issue<br>May 5, 1988                          |

## Part II Type of Issue (check box(es) that applies)

|  |             |
|--|-------------|
| 7 Check box if bonds are tax or other revenue anticipation bonds <input type="checkbox"/>                      | Issue Price |
| 8 Check box if bonds are in the form of a lease or installment sale <input type="checkbox"/>                   |             |
| 9 <input type="checkbox"/> Education   |             |
| 10 <input type="checkbox"/> Health and hospital  |             |
| 11 <input type="checkbox"/> Transportation   |             |
| 12 <input type="checkbox"/> Public safety  |             |
| 13 <input checked="" type="checkbox"/> Environment (including sewage bonds) Sewer Revenue Bonds, Series 1988 A |             |
| 14 <input type="checkbox"/> Housing  |             |
| 15 <input type="checkbox"/> Utilities  |             |
| 16 <input type="checkbox"/> Other. Describe (see instructions) <input type="checkbox"/>                        |             |

## Part III Description of Bonds

|                   | (a)<br>Maturity date | (b)<br>Interest rate | (c)<br>Issue price | (d)<br>Stated redemption price at maturity | (e)<br>Weighted average maturity | (f)<br>Yield | (g)<br>Net interest cost |
|-------------------|----------------------|----------------------|--------------------|--|----------------------------------|--------------|--------------------------|
| 17 Final maturity | 10/01/28             | 9.0%                 |                    |  |                                  |              |                          |
| 18 Entire issue   |                      |                      | 1,703,069          | 1,703,069                                  | *29.4 years                      | 9.0%         | 9.0%                     |

## Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

|  |    |           |
|--|----|-----------|
| 19 Proceeds used for accrued interest  | 19 | -0-       |
| 20 Proceeds used for bond issuance costs (including underwriters' discount)                        | 20 | 137,730   |
| 21 Proceeds used for credit enhancement  | 21 | -0-       |
| 22 Proceeds allocated to reasonably required reserve or replacement fund                           | 22 | -0-       |
| 23 Proceeds used to refund prior issues  | 23 | -0-       |
| 24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c)) | 24 | 1,565,339 |

## Part V Description of Refunded Bonds (complete this part only for refunding bonds)

|  |             |
|--|-------------|
| 25 Enter the remaining weighted average maturity of the bonds to be refunded | _____ years |
| 26 Enter the last date on which the refunded bonds will be called            | _____       |
| 27 Enter the date(s) the refunded bonds were issued                          | _____       |

## Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue \_\_\_\_\_

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply

c Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) \_\_\_\_\_

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units  and enter the amount \_\_\_\_\_

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue  and enter the name of the issuer West Virginia Water Development Authority and the date of the issue April 28, 1988

Please Sign Here

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

Stanley E. Zumbler Signature of officer Date \_\_\_\_\_ Title Chairman

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form 8038-G (12-86)

\* Equal amortized payments for period of 38 years; first two years interest only.



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

NEW ISSUE REPORT FORM

Date of Report: May 5, 1988

(See Reverse for Instructions)

|   |   |
|---|---|
| ISSUE: <u>Jefferson County Public Service District, Series 1988 A</u>                                   |   |
| ADDRESS: <u>Third Avenue, Ranson, West Virginia</u>   | COUNTY: <u>Jefferson</u>  |
| PURPOSE: <u>New Money</u> <input checked="" type="checkbox"/> <u>Refunding</u> <input type="checkbox"/> | OF ISSUE: <u>Refunding</u> <input type="checkbox"/> Refunds issue(s) dated: _____ |
| ISSUE DATE: <u>May 5, 1988</u>  | CLOSING DATE: <u>May 5, 1988</u>  |
| ISSUE AMOUNT: \$ <u>1,703,069</u>   | RATE: <u>9.0%</u>   |
| 1st DEBT SERVICE DUE: <u>October 1, 1988</u>  | 1st PRINCIPAL DUE: <u>October 1, 1990</u>   |
| 1st DEBT SERVICE AMOUNT: _____  | PAYING AGENT: <u>One Valley Bank</u>  |
| <b>ISSUERS</b>  |   |
| BOND COUNSEL: <u>Stephoe &amp; Johnson</u>  | UNDERWRITERS BOND COUNSEL: <u>Jackson &amp; Kelly</u>                             |
| Contact Person: <u>Vincent A. Collins, Esq.</u>   | Contact Person: <u>Samme L. Gee, Esq.</u>   |
| Phone: <u>624-8000</u>  | Phone: <u>340-1318</u>  |
| CLOSING BANK: <u>Blakeley Bank &amp; Trust Co.</u>  | ESCROW TRUSTEE: <u>N/A</u>  |
| Contact Person: <u>Jack R. Huyett</u>   | Contact Person: _____   |
| Phone: <u>725-7014</u>  | Phone: _____  |
| KNOWLEDGEABLE ISSUER CONTACT  | OTHER: _____  |
| Contact Person: <u>William B. Stine</u>   | Contact Person: _____   |
| Position: <u>General Manager</u>  | Function: _____   |
| Phone: <u>725-4962</u>  | Phone: _____  |
| DEPOSITS TO MBC AT CLOSE:   |   |
| By <input type="checkbox"/> Wire  | Accrued Interest: \$ _____  |
| <input checked="" type="checkbox"/> Check   | Capitalized Interest: \$ <u>127,730</u>   |
|   | Reserve Account: \$ _____   |
|   | Other: \$ _____   |
| REFUNDS & TRANSFERS BY MBC AT CLOSE:  |   |
| By <input type="checkbox"/> Wire  | To Escrow Trustee: \$ _____   |
| <input type="checkbox"/> Check  | To Issuer: \$ _____   |
| <input type="checkbox"/> IGT  | To Cons. Invest. Fund: \$ _____   |
|   | To Other: \$ _____  |
| NOTES: _____  |   |
| FOR MUNICIPAL BOND COMMISSION USE ONLY:   |   |
| DOCUMENTS REQUIRED: _____   |   |
| TRANSFERS REQUIRED: _____   |   |

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

NEW ISSUE REPORT FORM

Date of Report: May 5, 1988

(See Reverse for Instructions)

|  |   |
|--|---|
| ISSUE: <u>Jefferson County Public Service District, Series 1988 B</u>  |   |
| ADDRESS: <u>Third Avenue, Ranson, West Virginia</u>  | COUNTY: <u>Jefferson</u>                  |
| PURPOSE <u>New Money</u> <input checked="" type="checkbox"/> <u>Refunding</u> <input type="checkbox"/> Refunds issue(s) dated: _____ |   |
| ISSUE DATE: <u>May 5, 1988</u>   | CLOSING DATE: <u>May 5, 1988</u>          |
| ISSUE AMOUNT: \$ <u>425,767</u>  | RATE: <u>0%</u>                           |
| 1st DEBT SERVICE DUE: <u>October 1, 1990</u>   | 1st PRINCIPAL DUE: <u>October 1, 1990</u> |
| 1st DEBT SERVICE AMOUNT: _____   | PAYING AGENT: <u>One Valley Bank</u>      |
| <b>ISSUERS</b>   |   |
| BOND COUNSEL: <u>Steptoe &amp; Johnson</u>   | UNDERWRITERS <u>Jackson &amp; Kelly</u>   |
| Contact Person: <u>Vincent A. Collins, Esq.</u>  | Contact Person: <u>Samme L. Gee, Esq.</u> |
| Phone: <u>624-8000</u>   | Phone: <u>340-1318</u>                    |
| CLOSING BANK: <u>Blakeley Bank &amp; Trust Co.</u>   | ESCROW TRUSTEE: <u>N/A</u>                |
| Contact Person: <u>Jack R. Huyett</u>  | Contact Person: _____                     |
| Phone: <u>725-7014</u>   | Phone: _____                              |
| <b>KNOWLEDGEABLE ISSUER CONTACT</b>  |   |
| Contact Person: <u>William B. Stine</u>  | OTHER: _____                              |
| Position: <u>General Manager</u>   | Contact Person: _____                     |
| Phone: <u>725-4962</u>   | Function: _____                           |
| Phone: _____   | Phone: _____                              |
| <b>DEPOSITS TO MBC AT CLOSE:</b>   |   |
| By <input type="checkbox"/> Wire   | Accrued Interest: \$ _____                |
| <input type="checkbox"/> Check   | Capitalized Interest: \$ <u>NONE</u>      |
|  | Reserve Account: \$ _____                 |
|  | Other: \$ _____                           |
| <b>REFUNDS &amp; TRANSFERS BY MBC AT CLOSE:</b>  |   |
| By <input type="checkbox"/> Wire   | To Escrow Trustee: \$ _____               |
| <input type="checkbox"/> Check   | To Issuer: \$ _____                       |
| <input type="checkbox"/> IGT   | To Cons. Invest. Fund: \$ _____           |
|  | To Other: \$ _____                        |
| NOTES: _____   |   |
| _____  |   |
| _____  |   |
| <b>FOR MUNICIPAL BOND COMMISSION USE ONLY:</b>   |   |
| DOCUMENTS  |   |
| REQUIRED: _____  |   |
| TRANSFERS  |   |
| REQUIRED: _____  |   |

21





RECEIVED OCT 11 1983

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III  
6TH AND WALNUT STREETS  
PHILADELPHIA, PENNSYLVANIA 19106

CERTIFIED MAIL

Re: C-540465-02  
Jefferson County  
Commission

OCT 06 1983

Mr. Garland H. Moore, Jr.  
President  
Jefferson County Commission  
County Courthouse  
Charles Town, West Virginia 25414

Dear Mr. Moore:

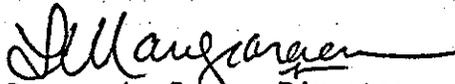
We are pleased to inform you of the award of a Step 2/3 Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$2,843,190. This amount includes Basic funds of \$2,547,000 and Alternative funds of \$296,190, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

  
Greene A. Jones, Director  
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR  
Mr. Edgar Henry, WDA  
Mr. Wesley King, COE  
Howard, Needles, Tammen &  
Bergendoff

U.S. ENVIRONMENTAL PROTECTION AGENCY  
EPA ASSISTANCE AGREEMENT / ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.

C-540465-02-0

2. EPC NUMBER

Three-C

3. DATE OF AWARD

SEP 29 1983

4. MAILING DATE

OCT 06 1983

|   |                                  |   |   |
|---|----------------------------------|---|---|
| 6. AGREEMENT TYPE                                   |                                  | 16. PAYMENT METHOD                                |   |
| <input type="checkbox"/> Cooperative Agreement      | <input type="checkbox"/> Advance | <input checked="" type="checkbox"/> Reimbursement | <input type="checkbox"/> Letter of Credit |
| <input checked="" type="checkbox"/> Grant Agreement | Send Payment Request To:         |   | 7. TYPE OF ACTION                         |
| <input type="checkbox"/> Assistance Amendment       | Grants Management Section        |   | Continuation                              |

|   |  |   |  |
|---|--|---|--|
| 8. RECIPIENT  |  | 9. PAYEE  |  |
| Jefferson County Commission<br>County Courthouse<br>Charles Town, West Virginia 25414 |  | Jefferson County Commission<br>County Courthouse<br>Charles Town, West Virginia 25414 |  |

|         |                        |                    |
|---------|------------------------|--------------------|
| EIN NO. | CONGRESSIONAL DISTRICT | 10. RECIPIENT TYPE |
|         | 2nd                    | County             |

|   |   |
|---|---|
| 11. PROJECT MANAGER AND TELEPHONE NO.                       | 12. CONSULTANT (WWT Construction Grants Only)   |
| Garland H. Moore, Jr.<br>President<br>304/725-9761, ext 209 | Howard, Needles, Tammen & Bergendoff<br>1120 Kanawha Boulevard<br>Charleston, West Virginia 25301<br>304/345-3950 |

|                                 |   |
|---------------------------------|---|
| 13. ISSUING OFFICE (City/State) | 14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.                     |
| Philadelphia, Pennsylvania      | Dennis Carney, Team Leader<br>West Virginia Section<br>215/597-4084 |

|  |                                   |                      |                                |
|--|-----------------------------------|----------------------|--------------------------------|
| 15. EPA CONGRESSIONAL LIAISON & TEL. NO. | 16. STATE APPL ID (Clearinghouse) | 17. FIELD OF SCIENCE | 18. PROJECT STEP (WWT CG Only) |
| Patricia Gaskins - 202/382-5184          | 5133-21                           | N/A                  | 2/3                            |

|                           |                          |   |     |
|---------------------------|--------------------------|---|-----|
| 19. STATUTORY AUTHORITY   | 20. REGULATORY AUTHORITY | 21. STEP 2 + 3 & STEP 3 (WWT Construction Only) |     |
| Clean Water Act, Title II | 40 CFR, Part 35          | a. Treatment Level                              | 1   |
|                           |                          | b. Project Type                                 | N/A |
|                           |                          | c. Treatment Process                            | N/A |
|                           |                          | d. Sludge Design                                | N/A |

22. PROJECT TITLE AND DESCRIPTION The project consists of the construction of a wastewater collection system, including small diameter gravity sewers, for that segment of Jefferson County to be accommodated at the Charles Town WWTP. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amount shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION (Areas Impacted by Project)

|              |           |       |                        |
|--------------|-----------|-------|------------------------|
| City/Place   | County    | State | Congressional District |
| Charles Town | Jefferson | WV    | 2nd                    |

|  |                    |                   |
|--|--------------------|-------------------|
| 24. ASSISTANCE PROGRAM (FDA Program No. & Title) | 25. PROJECT PERIOD | 26. BUDGET PERIOD |
| 66.418   | 10/83 - 3/87       | N/A               |

|  |                              |                               |
|--|------------------------------|-------------------------------|
| 27. COMMUNITY POPULATION (WWT CG Only) | 28. TOTAL BUDGET PERIOD COST | 29. TOTAL PROJECT PERIOD COST |
| 5,500                                  | N/A                          | \$3,396,000                   |

| FUNDS                             | FORMER AWARD | THIS ACTION | AMENDED TOTAL |
|-----------------------------------|--------------|-------------|---------------|
| 30. EPA Amount This Action        |              | \$2,843,190 |               |
| 31. EPA In-Kind Amount            |              |             |               |
| 32. Unexpended Prior Year Balance |              |             |               |
| 33. Other Federal Funds           |              |             |               |
| 34. Recipient Contribution        |              |             |               |
| 35. State Contribution            |              |             |               |
| 36. Local Contribution            |              |             |               |
| 37. Other Contribution            |              |             |               |
| 38. Allowable Project Cost        |              | \$3,396,000 |               |

| PROGRAM ELEMENT | FY   | APPROPRIATION | DOC CONTROL NO. | ACCOUNT NUMBER | OBJECT CLASS | OBLIGATION/DEBLIG. AMOUNT |
|-----------------|------|---------------|-----------------|----------------|--------------|---------------------------|
| GHNW80          | 80-R | 68X0103.C     | WR8001          | HGHNO36006     | 41.11        | \$ 80,509                 |
| GKAW80          | 83   | 68X0103.F     | W83002          | 3GKA036006     | 41.11        | 2,466,491                 |
| GHLW80          | 82-C | 68X0103.E     | WAC010          | HGHL036006     | 41.11        | 296,190                   |

TABLE A - OBJECT CLASS CATEGORY  
(Non-construction)

1. PERSONNEL
2. FRINGE BENEFITS
3. TRAVEL
4. EQUIPMENT
5. SUPPLIES
6. CONTRACTUAL
7. CONSTRUCTION
8. OTHER
9. TOTAL DIRECT CHARGES
10. INDIRECT COSTS: RATE % BASE
11. TOTAL (Share: Recipient \_\_\_\_\_% Federal \_\_\_\_\_%)

\$ N/A

12. TOTAL APPROVED ASSISTANCE AMOUNT

TABLE B - PROGRAM ELEMENT CLASSIFICATION  
(Non-construction)

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
12. TOTAL (Share: Recipient \_\_\_\_\_% Federal \_\_\_\_\_%)

\$ N/A

13. TOTAL APPROVED ASSISTANCE AMOUNT

TABLE C - PROGRAM ELEMENT CLASSIFICATION  
(Construction)

BASIC  
75%

ALTERNATIVE  
10%

1. ADMINISTRATION EXPENSE
2. PRELIMINARY EXPENSE
3. LAND STRUCTURES, RIGHT-OF-WAY
4. ARCHITECTURAL ENGINEERING BASIC FEES
5. OTHER ARCHITECTURAL ENGINEERING FEES
6. PROJECT INSPECTION FEES
7. LAND DEVELOPMENT
8. RELOCATION EXPENSES
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES
10. DEMOLITION AND REMOVAL
11. CONSTRUCTION AND PROJECT IMPROVEMENT
12. EQUIPMENT
13. MISCELLANEOUS (Design Allowance)
14. TOTAL (Lines 1 thru 13)
15. ESTIMATED INCOME (If applicable)
16. NET PROJECT AMOUNT (Line 14 minus 15)
17. LESS: INELIGIBLE EXCLUSIONS
18. ADD: CONTINGENCIES
19. TOTAL (Share: Recipient: 17.3% Federal: 83.7%)

290,994 253,805

2,679,340 2,336,92

157,760 137,59

267,906 233,66

3,396,000 2,961,99

\$2,547,000 296,19

20. TOTAL APPROVED ASSISTANCE AMOUNT

**a. GENERAL CONDITIONS**

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

**b. SPECIAL CONDITIONS:**

*(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)*

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

**1. Regulations Affecting Federal Grant Payments**

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payments for allowable costs incurred in accordance with the following revised schedule:

| <u>Payment No.</u> | <u>Date</u> | <u>Payment</u> | <u>Cumulative Amount</u><br>(not to be exceeded) |
|--------------------|-------------|----------------|--|
| 1                  | 5/84        | \$ 64,206      | \$ 64,206  |
| 2                  | 3/85        | 91,875         | 156,081  |
| 3                  | 4/85        | 27,669         | 183,750  |
| 4                  | 5/85        | 27,669         | 211,419  |
| 5                  | 6/85        | 55,339         | 266,758  |
| 6                  | 7/85        | 138,347        | 405,105  |
| 7                  | 8/85        | 276,695        | 681,800  |
| 8                  | 9/85        | 437,713        | 1,119,513  |
| 9                  | 10/85       | 437,713        | 1,557,226  |
| 10                 | 11/85       | 437,713        | 1,994,939  |
| 11                 | 12/85       | 437,712        | 2,432,651  |
| 12                 | 1/86        | 327,309        | 2,759,960  |
| 13                 | 2/86        | 71,422         | 2,831,382  |
| 14                 | 2/87        | 11,808         | 2,843,190  |

SPECIAL CONDITIONS (CONTINUED)

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 2/86. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of the advertisement for bids (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Replacement

The grantee shall inform the Regional Administrator within two (2) years after the initiation of the operation of the project if the project is failing to meet the project performance standards. If necessary the Regional Administrator may award 100% of the allowable costs for modification or replacement (40 CFR 35.2032(d)).

6. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

SPECIAL CONDITIONS (CONTINUED)

7. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

8. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

9. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

10. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

11. Award Restrictions

The grantee agrees that no portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

SPECIAL CONDITIONS (CONTINUED)

12. Advertisement for Bids

Prior to the advertisement for construction bids the grantee agrees to submit to the Regional Administrator for approval the following:

- (a) A draft plan of operation (40 CFR 35.2106);
- (b) An intermunicipal service agreement (40 CFR 35.2107);
- (c) A user charge system (40 CFR 35.2140);
- (d) Final design drawings and specifications (refer to 40 CFR 35.2040 (b) (6));
- (e) A sludge management plan for the septic tank systems included in the service area; and
- (f) Comments from the West Virginia Department of Culture and History regarding the results of the Archeological Reconnaissance Survey.

SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the Jefferson County Commission

for 83.7% of all approved costs incurred up to and not exceeding \$ 2,843,190

for the support of approved budget period effort described in application (including all application modifications)

C-540465-02 - Jefferson County Commission included herein by reference.

|   |   |
|---|---|
| ISSUING OFFICE (Grants Administration Office)   | AWARD APPROVAL OFFICE   |
| ORGANIZATION/ADDRESS<br>Environmental Protection Agency<br>Grants Management Section (3PM32)<br>Curtis Building, 6th & Walnut Streets<br>Philadelphia, Pennsylvania 19106 | ORGANIZATION/ADDRESS<br>Environmental Protection Agency<br>Water Management Division (3WM00)<br>Curtis Building, 6th & Walnut Streets<br>Philadelphia, Pennsylvania 19106 |

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

|   |   |                     |
|---|---|---------------------|
| SIGNATURE OF AWARD OFFICIAL<br><i>Thomas P. Eichler</i> | TYPED NAME AND TITLE<br>Thomas P. Eichler, Regional Administrator | DATE<br>SEP 29 1983 |
|---|---|---------------------|

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

|                                 |   |      |
|---------------------------------|---|------|
| SIGNATURE<br><i>[Signature]</i> | BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION<br>TYPED NAME AND TITLE | DATE |
|---------------------------------|---|------|

RECEIVED MAR 13 1985



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III

841 Chestnut Building  
Philadelphia, Pennsylvania 19107

MAR 12 1985

CERTIFIED MAIL

RE: C-540465-02  
Jefferson County Commission

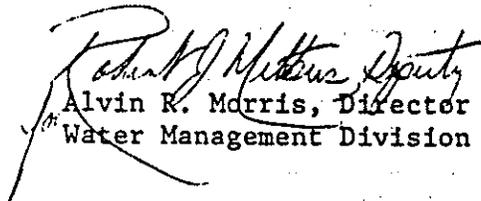
Mr. Garland H. Moore, Jr.  
Jefferson County Commission  
County Courthouse  
Charles Town, West Virginia 25414

Dear Mr. Moore:

In accordance with a request by the West Virginia Department of Natural Resources, enclosed are the original and one copy of Assistance Amendment Number One, amending Part I, Assistance Notification Information, and Part III, Schedule of Grant Payments and Project Schedule Changes.

The original copy of the Amendment should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, [REDACTED] of your receipt. The copy should also be signed and retained for your files.

Sincerely yours,

  
Alvin R. Morris, Director  
Water Management Division

Enclosures

cc: Mr. Mike Johnson, WVDNR  
Mr. Edgar Henry, WDA  
Howard, Needles, Tammen & Bergendoff  
Mr. Stanley E. Zombro

U.S. ENVIRONMENTAL PROTECTION AGENCY

**ASSISTANCE AMENDMENT**  
(Optional)

(Please read instructions on reverse)

ASSISTANCE I.D. NO.

C-540465-02

AMENDMENT NO.

1

NOTE: The original Amendment with one copy must be executed and returned to the Grants Administration Division for Headquarters assistance awards and to the Grants Administration Branches for State and local assistance awards within 3 weeks after receipt or within any extension of time as may be granted in writing by EPA. Except as may be otherwise provided, no costs as a result of the Amendment may be incurred prior to the execution of the Assistance Amendment by the parties thereto.

Receipt of a written refusal, or failure to receive the properly executed document within the prescribed time will result in the termination of consideration of the Assistance Amendment by EPA.

**GENERAL INFORMATION**

**APPROPRIATION AND ACCOUNTING DATA**

|                             |                       |                          |
|-----------------------------|-----------------------|--------------------------|
| APPROPRIATION NUMBER<br>N/A | ACCOUNT NUMBER<br>N/A | OBJECT CLASS CODE<br>N/A |
|-----------------------------|-----------------------|--------------------------|

DESCRIPTION OF AMENDMENT: PURSUANT TO EPA ASSISTANCE REGULATION 40 CFR 30.900 "PROJECT CHANGES AND ASSISTANCE MODIFICATIONS" AND 40 CFR 30.900-1 "FORMAL ASSISTANCE AMENDMENTS," THE ABOVE NUMBERED ASSISTANCE AGREEMENT IS AMENDED AS FOLLOWS:

A. Part I, Item 25, Project Period is hereby deleted in its entirety and the following is substituted in lieu thereof:

"Project Period - September, 1983 - March, 1988"

B. Part III, Special Condition Number 1d, Schedule of Grant Payment, and Special Condition Number 2 are hereby deleted in their entirety and the following is substituted in lieu thereof:

"1d. Revised Schedule of Grant Payments

| Payment No. | Date  | Payment | Cumulative Amount<br>(not to be exceeded) |
|-------------|-------|---------|---|
| 1           | 05/85 | 66,030  | 66,030                                    |
| 2           | 03/86 | 90,051  | 156,081                                   |
| 3           | 04/86 | 27,669  | 183,750                                   |
| 4           | 05/86 | 27,669  | 211,419                                   |
| 5           | 06/86 | 55,339  | 266,758                                   |
| 6           | 07/86 | 138,347 | 405,105                                   |
| 7           | 08/86 | 276,695 | 681,800                                   |
| 8           | 09/86 | 437,713 | 1,119,513                                 |
| 9           | 10/86 | 437,713 | 1,557,226                                 |
| 10          | 11/86 | 437,713 | 1,994,939                                 |

**AWARD APPROVAL OFFICE**

ORGANIZATION  
Water Management Division (3WMO0)

ADDRESS  
Environmental Protection Agency  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

**ISSUING OFFICE**

ORGANIZATION  
Grants Management Section (3PM32)

ADDRESS  
Environmental Protection Agency  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

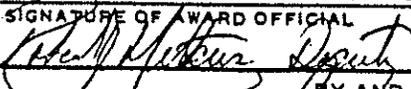
**RECIPIENT ORGANIZATION**

NAME  
Jefferson County Commission

ADDRESS  
County Courthouse  
Charles Town, West Virginia 25414

Except as provided herein all terms and conditions of the basic assistance agreement, including prior amendments, remain unchanged and in full force and effect and subject to all applicable provisions of 40 CFR Chapter 1, Subpart B.

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

|   |  |                     |
|---|--|---------------------|
| SIGNATURE OF AWARD OFFICIAL<br> | TYPED NAME AND TITLE<br>Alvin R. Morris<br>Director, Water Management Division | DATE<br>MAR 12 1985 |
| BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION   |  |                     |
| SIGNATURE   | TYPED NAME AND TITLE   | DATE                |

| <u>Payment No.</u> | <u>Date</u> | <u>Payment</u> | <u>Cumulative Amount</u><br>(not to be exceeded) |
|--------------------|-------------|----------------|--|
| 11                 | 12/86       | 437,712        | 2,432,651  |
| 12                 | 01/87       | 71,422         | 2,504,073  |
| 13                 | 03/87       | 327,309        | 2,831,382  |
| 14                 | 03/88       | 11,808         | 2,843,190  |

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 03/87. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payments."

All other terms and conditions remain unchanged.

GENERAL INSTRUCTIONS FOR EPA FORM 5700-20B, ASSISTANCE AMENDMENT  
(EPA Personnel Only)

- 1. Use of this Assistance Amendment.** Required for all Assistance Amendments entered into pursuant to 40 CFR 30.900-1. This form is not applicable to fellowships.
- 2. Preparation of the Assistance Amendment.**
  - a. The Assistance Amendment will be prepared by Grants Administration Division for Headquarters Assistance Amendments and by the Regional Grants Administration Office for regional awards.
  - b. All approved amounts should be rounded downward to the nearest dollar.
  - c. If an item is not applicable to the Assistance Agreement, place "N/A" in the corresponding block. **DO NOT LEAVE ITEMS BLANK.**
  - d. Amendments should be numbered consecutively under each award.
- 3. Transmittal.** Upon approval of an amendment award and 5 days after the Grants Information Branch, PM-216, is notified, the amendment document will be transmitted by certified mail (*return receipt requested*) to the applicant for execution. An additional copy of the Assistance Amendment will be transmitted to the State agency for Wastewater Treatment Works Construction projects.
- 4. Return Address.** The recipient should be instructed in the transmittal letter to return Headquarters Assistance Amendments to the Grants Operations Branch, Grants Administration Division, and regional Assistance Amendments to the Grants Administration Office of the appropriate regional office. It should be recommended that return transmittal be made by certified mail.
- 5. Distribution.** The final distribution of the executed Assistance Amendment copies shall be performed by the Grants Administration Division for Headquarters awards and by the appropriate Grants Administration Office for regional awards.

PREPARATION INSTRUCTIONS BY ITEM

**Appropriation and Accounting Data.** Supply appropriation accounting and object class data as indicated.  
**Description of Amendment.** Supply concise description of amendment indicating all deletions and additions to the Assistance Agreement. (*Use and attach additional sheets if necessary.*)

**NOTE:** Any change in the approved project work, approved budget, or the approved commencement and completion dates for the approved project or major phases thereof must be stated in the Assistance Amendment. Example: Assistance Agreement, Page 1, Part 1, Item 5, entitled "PROJECT MANAGER" is deleted in its entirety. The following Item 5, entitled "PROJECT MANAGER" is substituted in lieu thereof:

**PROJECT MANAGER**  
a. Name (*John Smith*)  
b. Title (*Project Manager*)  
c. Phone Number *123-4567*  
d. Address *100 Main St., Midtown, USA*

**Award Approval Office.** Indicate the EPA program organization title of the Award Approving Official and complete address.

**Issuing Office.** Indicate the Grants Administration Office (*Headquarters or Regional*) and complete address.

**Recipient Organization.** Indicate the legal organization title and complete address of the Recipient.



STATE OF WEST VIRGINIA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RESOURCES  
1201 Greenbrier Street  
Charleston, West Virginia 25311

ARCH A. MOORE, JR.  
Governor

RONALD R. POTESTA  
Director

ROBERT K. PARSONS  
Deputy Director

May 5, 1988

Mr. Stanley F. Zombro, Chairman  
Jefferson County Public Service District  
210 West Third Avenue  
Ransom, West Virginia 25438

RE: Jefferson County  
Public Service District  
C-540465-02

Dear Mr. Zombro:

You are hereby advised that the bidding procedures for Contracts 2, 3 and 4 have been reviewed and approved. The contracts may now be awarded to the low, responsive bidders, Mendon Pipeline, Incorporated, Dave Sugar, Incorporated and Dan Sciullo & Company, Incorporated, as indicated by the proposal you have submitted.

The Contracts 1 and 5 Seacoast Construction Corporation, and Graceland Construction, Incorporated may be conditionally awarded provided the following are included on the contracts between the low bidders and grantee and that the grantee agrees to oversee the compliance of the low bidders:

1. The Grantee shall aid the low bidders in identifying every reasonable subcontracting opportunity.
2. The low bidders shall contact the West Virginia Association of Minority Contractors identifying the subcontracting opportunities.
3. The solicitations shall consist of formal letters, describing as completely as possible the subcontracting opportunities along with follow up telephone calls and personal meetings with any interested party to negotiate in good faith price and other terms.
4. The low bidders are responsible for the completeness of his documentation of the above mentioned items.

Mr. Stanley F. Zombro  
Jefferson County PSD  
May 5, 1988  
Page 2

5. The Grantee shall establish a schedule in which the corrective action must be completed and of the submission of the low bidders' report on his efforts.
6. The Grantee shall determine the low bidders' compliance and quality of his good faith efforts and forward this information to EPA for review and approval.

Certain construction activities have been assigned to our Engineering Section. You will be contacted by a representative of this section in the near future.

The Part B documents that you submitted are being reviewed by this office. The Environmental Protection Agency (EPA) Form 5780-1B has been approved with some revisions. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover. Total allowable project costs have been determined to be \$6,502,700 reflecting a revised EPA grant amount of \$4,949,550 which includes \$4,877,020 in conventional funds and \$72,530 in alternative funds.

Should you have any questions, please contact Rosalie Ortega at (304) 348-0637 or Hamid Riahi at (304) 348-0633.

Sincerely,

CONSTRUCTION GRANTS BRANCH



Mike Johnson, P.E.  
Branch Head

MJ/JRw

cc: R. Fenton Roudabush, EPA  
Ed Henry, WDA  
Howard Cunningham, PSC  
Howard, Needles, Tammen & Bergendoff



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Jefferson County Public Service District Sewer Revenue Bonds, Series 1988 A and Series 1988 B, all dated May 5, 1988, in the aggregate principal amount of \$2,128,836 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

Dated this 5th day of May, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By

*Charlotte Morgan*  
Its CORPORATE TRUST ADMINISTRATIVE Officer

05/02/88  
JEFF4-0



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

BLAKELY BANK & TRUST CO., a state banking corporation, with principal office in the Town of Ranson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution and Supplemental Resolution of Jefferson County Public Service District both adopted, May 2, 1988, authorizing issuance of the District's Sewer Revenue Bonds, Series 1988 A and Series 1988 B, both dated May 5, 1988, in the aggregate principal amount of \$2,128,836 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolutions.

Dated this 5th day of May, 1988.

Blakely Bank & Trust Co.  
By Joseph R. Hays  
Its President

05/02/88  
JEFF4-P



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

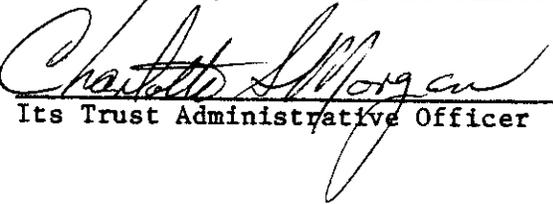
Sewer Revenue Bonds,  
Series 1988 A and Series 1988 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$2,128,836 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B, of Jefferson County Public Service District (the "Issuer"), hereby certify that on the 5th day of May, 1988, the single fully registered Series 1988 A Bond of the Issuer in the principal amount of \$1,703,069 designated "Sewer Revenue Bond, Series 1988 A," numbered AR-1, and the single fully registered Series 1988 B Bond of the Issuer in the principal amount of \$425,767 designated "Sewer Revenue Bond, Series 1988 B," numbered BR-1, were registered as to principal and interest (the Series 1988 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 5th day of May, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By   
Its Trust Administrative Officer

05/02/88  
JEFF4-Q





REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of May, 1988, by and between JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$2,128,836 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution adopted May 2, 1988, and a Supplemental Resolution adopted May 2, 1988 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and

regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:                   Jefferson County Public Service  
                                  District  
                                  Third Avenue  
                                  Ranson, West Virginia 25438  
                                  Attention: General Manager

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

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

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

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By Stanley E. Zombro  
Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Christalle Morgan  
Its Corporate Trust Administrative Officer

05/02/88  
CTSRW1-R

EXHIBIT A

[Included in transcript as Document No. 1]

# Invoice

**ONE VALLEY  
BANK**

JEFFERSON COUNTY, WV PUBLIC  
SERVICE DISTRICT

DATE MAY 5, 1988

| UNITS | ITEM DESCRIPTION   | TOTAL           |
|-------|--|-----------------|
|       | <p>\$2,128,836 PAR JEFFERSON COUNTY, WV PUBLIC SERVICE DISTRICT SEWER REVENUE ■ BONDS, 1988 SERIES A - \$1,703,069 &amp; SERIES B - \$425,767</p> <p>ONE TIME FEE TO SERVE AS REGISTRAR AND AUTHENTICATING AGENT - TWO (2) BONDS REGISTERED IN NAME OF WEST VIRGINIA WATER DEVELOPMENT AUTHORITY</p> | <p>\$500.00</p> |

SEND REMITTANCE TO: One Valley Bank  
One Financial Place - 6th Floor  
One Valley Square  
P.O. Box 1793  
Charleston, WV 25326

ATT: CHARLOTTE S. MORGAN



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1988 A, of Jefferson County Public Service District in the principal amount of \$1,703,069, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: May 5, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
Authorized Representative

05/02/88  
JEFF4-S





STATE OF WEST VIRGINIA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RESOURCES  
CHARLESTON 25305

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0084361

Issue Date: November 30, 1987

Subject: Sewage Collection System

Effective Date: December 30, 1987

Expiration Date: November 29, 1992

Supersedes: N/A

Location:

Ranson  
(City)

Jefferson  
(County)

Potomac  
(Drainage Basin)

|        |            |   |     |   |   |
|--------|------------|---|-----|---|---|
| Outlet | Latitude:  | ° | N/A | ' | " |
| Sites  | Longitude: | ° |     | ' | " |

To whom it may concern:

This is to certify that Jefferson County Public Service District  
210 West Third Street  
Ranson, West Virginia 25438

is hereby granted a NPDES Water Pollution Control Permit to construct, operate and maintain a sewage collection system consisting of 348 manholes, one cleanout, 61,833 linear feet of four (4) inch sewer pipe, 47,255 linear feet of eight (8) inch sewer pipe, 6441 linear feet of ten (10) inch sewer pipe, 5035 linear feet of twelve (12) inch sewer pipe, thirty-five (35) lift stations with 4361 linear feet of 1¼ inch force main, 1824 linear feet of 1½ inch force main, 1595 linear feet of two (2) inch force main, 5959 linear feet of three (3) inch force main, 7182 linear feet of four (4) inch force main, 9433 linear feet of six (6) inch force main and all necessary appurtenances.

Facilities are designed to serve Jefferson County Public Service District and to convey sewage to the City of Charles Town sewage collection system with ultimate treatment at the City of Charles Town sewage treatment plant.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0084361 dated the 1st day of September 1987, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, and G.

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications and Reports:

Date Received: July 29, 1987

Prepared By: Howard, Needles, Tammen and Bergendoff  
1120 Kanawha Blvd. East  
Charleston, West Virginia

Title: Jefferson County Public Service District Sewage  
Collection System

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

N/A

## 1. Duty to Comply

- a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
- b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

## 2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

## 3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

## 4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for a permit modification, revocation and reissuance or revocation or a notification of planned changes or anticipated non-compliance, does not stay any permit condition.

## 5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

## 6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Series II, Section 4.6 of the West Virginia Legislative Rules of the State Water Resources Board.

## 7. Transfers

This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

## 8. Duty to Provide Information

The permittee shall furnish to the Chief, within a specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

## 9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

## 10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
- b) Have access to any copy at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

## 11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its terms in accordance with the provisions of Chapter 20-5A-8 of the Code of West Virginia.

An application for a modification of this permit must be submitted to this agency at least ninety (90) days prior to the proposed modification.

## 12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.

## 13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Series III, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

## 14. Liabilities

- a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act is subject to a civil penalty not to exceed \$10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than \$2,500 nor more than \$25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
- b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than \$10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
- d) Nothing in C. 14. a), b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 20, Article 5A.

## 1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by State Health Department Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

## 2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

## 3. Bypass

## a) Definitions

- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

## b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3. d) of this permit.

- 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 a bypass, notice shall be submitted as required in F.2.b) of this permit.

## d) Prohibition of bypass

- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notices as required under D.3. c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3. d) (1) of this permit.

## 4. Upset N/A

- a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.
- b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4. c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.
- c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
  - (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
  - (2) The permitted facility was at the time being properly operated;
  - (3) The permittee submitted notice of the upset as required in F.2. b) of this permit.
  - (4) The permittee complied with any remedial measures required under C.3. of this permit.
- d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

## 5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended nature of disposal or use, as appropriate.



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 from any responsibilities, liabilities, or penalties established pursuant to Series III, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Series III, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Division's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
  - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
  - (2) Any upset which exceeds any effluent limitation in the permit; and
  - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous waste.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Series III, Section 2 of the Board's rules.

3. Reporting Requirements

- a) **Planned changes.** The permittee shall give notice to the Chief as soon as possible of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge and of any planned changes in the method of operating the facility which may affect the nature or quantity of the discharge. Notice is required when:
  - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series II of the Board's rules; or
  - (2) This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) **Anticipated noncompliance.** The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
  - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) One hundred micrograms per liter (100 ug/l);
    - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2, 4-dinitrophenol and for 2-methyl 4, 6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
    - (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4 b.7 or 4.4. b.9 of Series II of the Board's rules; and
    - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules;
  - (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
    - (A) Five hundred micrograms per liter (500 ug/l);
    - (B) One milligram per liter (1 mg/l) for antimony;
    - (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Series II of the Board's rules;
    - (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules.
  - (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
  - (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series II of the Board's rules and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

**G. OTHER REQUIREMENTS**

- 1) The herein described lift stations, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100 ) year flood level and operability by maintained during the twenty-five (25) year flood level.

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. WV0084361, dated the 1st day of September, 19 87,  
\_\_\_\_\_  
\_\_\_\_\_; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the State Water Resources Board.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0084361, dated the 1st day of September, 19 87,  
\_\_\_\_\_  
\_\_\_\_\_, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 5A, Chapter 20 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 5A, Chapter 20 of the Code of West Virginia and is transferable under the terms of Section 7 of said article.

By:   
Chief

#### RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the State Water Resources Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 15, Article 5A, Chapter 20 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.

EMERGENCY RESPONSE SPILL ALERT SYSTEM  
WEST VIRGINIA DIVISION OF WATER RESOURCES

REQUIREMENTS:

West Virginia Administrative Regulations Series III, Section 2, State Water Resources Board, effective January 6, 1986.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Division of Water Resources' Emergency Notification Numbers 1-800-642-3074 for instate calls or 1-304-348-8899 for out of state calls. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Division of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- 1) Potential toxicity in water to man, animals and aquatic life;
- 2) Details on analytical procedures for the quantitative estimation of such substances in water; and
- 3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has entered into a stream.

Failure to furnish such information as required by Section 9, Article 5A, Chapter 20, Code of West Virginia shall be punishable under Section 19, Article 5A, Chapter 20, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State Waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove, and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or person responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person should make the report.

WHO TO CONTACT:

Notify Division headquarters in Charleston, West Virginia at the following numbers: 1-800-642-3074 (in-state) or 1-304-348-8899 (out-of-state).

INFORMATION NEEDED:

- |   |                                      |
|---|--------------------------------------|
| -Source of spill or discharge               | -Personnel at the scene              |
| -Location of incident                       | -Actions initiated                   |
| -Time of incident                           | -Shipper/Manufacturer identification |
| -Material spilled or discharged             | -Railcar/Truck identification number |
| -Amount spilled or discharged               | -Container type                      |
| -Toxicity of material spilled or discharged |                                      |



# FLOW OF FUND SCHEMATIC DIAGRAM - SYSTEM REVENUES

