

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)**

Date of Closing: November 10, 1993

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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

**SEWER REVENUE BONDS, SERIES 1993 A
(WEST VIRGINIA SRF PROGRAM)**

BOND RESOLUTION

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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE COMPLETION OF 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 \$971,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. 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 has heretofore issued its Sewer Revenue Bonds, Series 1988 A (the "Series 1988 A Bonds"), and Sewer Revenue Bonds, Series 1988 B (the "Series 1988 B Bonds"), both dated May 5, 1988, in the original aggregate principal amount of \$2,128,836 (collectively, the "Prior Bonds"). The Prior Bonds were issued pursuant to a bond and notes resolution adopted by the Issuer on May 2, 1988 (the "Prior Resolution"). Proceeds of the Prior Bonds

were used to pay a portion of the costs of acquisition and construction of certain new public sewerage facilities of the Issuer (the "Project") (the Project and any further additions thereto or extensions thereof are herein called the "System"). However, such proceeds and available grant proceeds were insufficient to complete the Project. Accordingly, it is necessary for the Issuer to borrow an additional amount to finance the costs of completing the Project and to reimburse the Issuer for any funds of the Issuer expended on the Project.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1993 A Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Resolution, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its completion bonds designated as "Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program)," in the total aggregate principal amount of not more than \$971,000, initially to be represented by a single bond (the "Series 1993 A Bonds"), to finance the costs of completion of acquisition and construction of the Project not otherwise provided therefor. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1993 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1993 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1993 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1993 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The Issuer intends to permanently finance such costs of completion of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 1993 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1993 A Bonds as to liens, pledge and/or source of and security for payment. The Issuer has met the parity requirements of the Series 1988 A Bonds and the Prior Resolution (as hereinafter defined). The Series 1993 A Bonds shall be issued on a parity with the Series 1988 A Bonds, and senior and prior to the Series 1988 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 1993 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, if required, the obtaining of a Certificate of Public Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1993 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Prior Resolution, in Section 7.07(B) thereof, permits the issuance of the Series 1993 A Bonds on a parity with the Series 1988 A Bonds for the purpose of completion of acquisition and construction of the Project with no further restrictions if there is

first obtained the written consent of the Authority, which written consent will be obtained prior to issuance of the Series 1993 A Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1993 A Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1993 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and registered owner of the Series 1993 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issue of the Series 1993 A Bonds) that ends at the close of business on October 1 of each calendar year, unless otherwise required under the Code.

"Bonds" means, collectively, the Series 1993 A Bonds and any bonds on a parity therewith authorized to be issued hereunder, and includes the Prior Bonds, whether such Prior Bonds are specifically referred to or not, unless the context otherwise requires.

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

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

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

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

"Consulting Engineers" means Mark W. Jeffries, P.E., Warrenton, 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; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

"Grant Receipts" means all grant moneys received by the Issuer to aid in the acquisition and construction of the Project.

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

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

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

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

"Issuer" means 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" means the Loan Agreement heretofore entered into or to be entered into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1993 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1993 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1993 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1993 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1993 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1993 A Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, 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, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Series 1993 A Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Issuer's Sewer Revenue Bonds, Series 1988 A, and Sewer Revenue Bonds, Series 1988 B, both dated May 5, 1988, issued in the original aggregate principal amount of \$2,128,836.

"Prior Resolution" means, the resolution of the Issuer adopted May 2, 1988, authorizing the Prior Bonds.

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

"Project" means the acquisition and construction of certain new public sewerage facilities of the Issuer, consisting of small diameter and gravity collection lines, pump stations, together with all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the

market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is 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," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

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

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

"Series 1988 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 A, dated May 5, 1988, issued in the original aggregate principal amount of \$1,703,069.

"Series 1988 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original aggregate principal amount of \$425,767.

"Series 1993 A Bonds" means the not more than \$971,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), of the Issuer.

"Series 1993 A Bonds Reserve Account" means the Series 1993 A Bonds Reserve Account established in the Series 1993 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1993 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if

any, which will become due on the Series 1993 A Bonds in the then current or any succeeding year.

"Series 1993 A Bonds Sinking Fund" means the Series 1993 A Bonds Sinking Fund established by Section 5.02 hereof.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of any or all of the Series 1993 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1993 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1993 A Bonds (including, without limitation, the Prior Bonds) or any other obligations of the Issuer, including, without limitation, 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 complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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 COMPLETION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01. Authorization of Completion of Acquisition and Construction of the Project. There is hereby authorized the completion of acquisition and construction of the Project, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1993 A Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids and has entered into contracts for the completion of acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

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 1993 A Bonds, funding a reserve account for the Series 1993 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1993 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1993 A Bonds of the Issuer, in an aggregate principal amount of not more than \$971,000. The Series 1993 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1993 A Bonds remaining after funding of the Series 1993 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1993 A Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1993 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 1993 A 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 Series 1993 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1993 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1993 A Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same

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

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

Section 3.03. Execution of Bonds. The Series 1993 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1993 A Bonds shall cease to be such officer of the Issuer before the Series 1993 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1993 A Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1993 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1993 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1993 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1993 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

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

So long as the Series 1993 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

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

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

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

a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1993 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1993 A Bonds Reserve Account. No holder or holders of the Series 1993 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1993 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 1993 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1988 A Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Series 1988 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1993 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1993 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1993 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1993 A Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Series 1993 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1993 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1993 A
(WEST VIRGINIA SRF PROGRAM)

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 _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference.

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

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

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new public sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and

related costs. The Project and any future improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED MAY 5, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,703,069 (THE "SERIES 1988 A BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED MAY 5, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$425,767 (THE "SERIES 1988 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1988 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1993 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 1993 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1988 A 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; provided however, that so long as there exists in the Series 1993 A Bonds Reserve

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

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

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

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

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

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199_____.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

:

(Form of)

ASSIGNMENT

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

:

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1993 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same, and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

:

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established (or continued if previously created and established by the Prior Resolution) 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 (created and established by the Prior Resolution);
- (2) Renewal and Replacement Fund (created and established by the Prior Resolution);
- (3) Rebate Fund (created and established by the Prior Resolution); and
- (4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created and established (or continued if previously created and established by the Prior Resolution) with the Commission:

- (1) Series 1988 A Bonds Sinking Fund (created and established by the Prior Resolution);
 - (a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account (created and established by the Prior Resolution).
- (2) Series 1988 B Bonds Sinking Fund (created and established by the Prior Resolution);
 - (a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account (created and established by the Prior Resolution).
- (3) Series 1993 A Bonds Sinking Fund;
 - (a) Within the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amount required by the Prior Resolution to be deposited in the Series 1988 A Bonds Sinking Fund for payment of principal of and interest on the Series 1988 A Bonds, and (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1993 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1993 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Resolution to be deposited in the Series 1988 A Bonds Reserve Account, and (ii) simultaneously, with the transfer set forth in subsection 5.03A(3)(i), on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1993 A Bonds, if not fully funded upon issuance of the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1993 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1993 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 1993 A Bonds Reserve Requirement.

(4) 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 and as previously set forth in the Prior Resolution and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with the Prior Resolution and 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 and as permitted under the Prior Resolution; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account and the Series 1993 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amount required by the Prior Resolution to be deposited in the Series 1988 B Bonds Sinking Fund for payment of principal of the Series 1988 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amount required by the Prior Resolution to be deposited in the Series 1988 B Bonds Reserve Account.

Moneys in the Series 1993 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1993 A Bonds as the same shall become due. Moneys in the Series 1993 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1993 A Bonds, as the same shall come due, when other moneys in the Series 1993 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1993 A Bonds Sinking Fund and the Series 1993 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 1993 A Bonds, if any, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1993 A Bonds Reserve Account which result in a reduction in the balance of the Series 1993 A Bonds Reserve Account to below the Series 1993 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, the Series 1988 A Bonds Reserve Account and the Series 1993 A 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1993 A Bonds Sinking Fund or into the Series 1993 A Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1993 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity basis and pro rata, with respect to the Series 1988 A Bonds and the Series 1993 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1993 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1993 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1993 A Bonds Sinking Fund, including the Series 1993 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1993 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission its required principal, interest, if any, and reserve payments with respect to the Series 1993 A Bonds, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation and the Prior Resolution. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional

sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

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

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following the Completion Date, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1993 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1993 A Bonds, there shall first be deposited with the Commission in the Series 1993 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 1993 A Bonds for the period commencing on the date of issuance of the Series 1993 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1993 A Bonds, there shall be deposited with the Commission in the Series 1993 A Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1993 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 1993 A Bonds, there shall be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1993 A 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. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1993 A Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1993 A Bonds will be expended and the

disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1993 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1993 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1993 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds and senior and prior to the lien on said Net Revenues in favor of the Holders of the Series 1988 B Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, 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, if any, 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 January 31, 1992 (Case No. 91-163-PSD-42A), and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Series 1988 A Bonds are outstanding, the Issuer shall not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part thereof, except as provided in the Prior Resolution and with the written consent of the Authority and the DEP.

Additionally, so long as the Series 1993 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 1993 A Bonds, including the Prior Bonds, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1993 A Bonds, immediately be remitted to the Commission for deposit in the Series 1993 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1993 A Bonds. Any balance remaining after the payment of all the Series 1993 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised,

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06, the Issuer shall not issue any other obligations whatsoever payable from any or all of the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1993 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1993 A Bonds and payable from any or all of 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 1993 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, 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 Series 1993 A Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1993 A Bonds and the interest

thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Series 1988 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of any or all of the revenues of the System, shall be issued after the issuance of the Series 1993 A Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1993 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions and improvements to the System or refunding the Series 1993 A Bonds issued pursuant hereto, or both such purposes.

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

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

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 extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and Section 7.07 of the Prior Resolution. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net 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 revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Resolution, 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 and the Prior Resolution.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at

all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the DEP and the Authority, or any other original purchaser of the Series 1993 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1993 A Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of the Prior Bonds, the Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1993 A Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 1993 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by

federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder and under the Prior Resolution. 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, if any, on the Series 1993 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 1993 A Bonds, including the Prior Bonds; provided that, in the event that the Prior Bonds are no longer Outstanding, and an amount equal to the Series 1993 A Bonds Reserve Requirement is on deposit in the Series 1993 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1993 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1993 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 1993 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs

prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1993 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all

such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein or in the Prior Resolution. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of

the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State 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 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1993 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1993 A Bonds during the term thereof is, under the terms of the Series 1993 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1993 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1993 A Bonds during the term thereof is, under the terms of the Series 1993 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1993 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1993 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1993 A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1993 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1993 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1993 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1993 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1993 A Bonds and such statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1988 A Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1993 A Bonds which would cause the Series 1993 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1993 A Bonds) so that the interest on the Series 1993 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1993 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1993 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be 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, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1993 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1993 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1993 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1993 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1993 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs pursuant to the events set forth in the Prior Resolution.

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

Series 1993 A Bonds shall be on a parity with 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, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might 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 Series 1988 A Bonds and the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Series 1993 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1993 A Bonds, 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 1993 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

Series 1993 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1993 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 1993 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 1993 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 1993 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1993 A Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1993 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1993 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1993 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 1993 A Bonds.

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

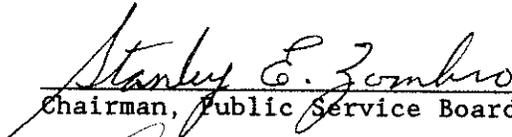
Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict

with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

Adopted this 5th day of November, 1993.



Chairman, Public Service Board



Member, Public Service Board

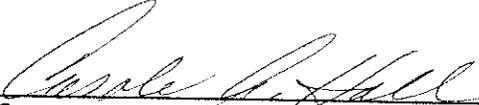
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of JEFFERSON COUNTY PUBLIC SERVICE DISTRICT on the 5th day of November, 1993.

Dated: November 10, 1993.

[SEAL]


Secretary, Public Service Board

10/26/93
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45026/90001



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM), OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Jefferson County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective November 5, 1993 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE COMPLETION OF 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 \$971,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1993 A Bonds"), in an aggregate principal amount not to exceed \$971,000, and has authorized and

ratified the execution and delivery of a loan agreement relating to the Bonds dated September 24, 1993 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, maturity date, interest rate, if any, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the sale price, the maturity date, the redemption provisions, the interest rate, if any, 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 the Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$971,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2013 and shall bear interest at the rate of 0% per annum. The principal of the Bonds shall be payable

quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1994. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on the dates and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and in "Exhibit B" attached to the Bonds 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 form provided in the Bond Resolution.

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

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

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

Section 6. The Issuer does hereby appoint F & M Bank-Blakeley, Ranson, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1993 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1993 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1993 A Bonds proceeds in the amount of \$48,552 shall be deposited in the Series 1993 A Bonds Reserve Account.

Section 9. Series 1993 A Bonds proceeds in the amount of \$394,954.67 shall be paid to Old National Bank, Martinsburg, West Virginia, to pay in full the principal of and interest on the Sewerage System Grant Anticipation Refunding Notes, Series 1991 (Jefferson County Public Service District Project), issued by The County Commission of Jefferson County to said Bank for the purpose of temporarily financing a portion of the costs of acquisition and construction of the Project.

Section 10. Series 1993 A Bonds proceeds in the amount of \$188,192.70 shall be paid to F & M Bank-Blakeley, Ranson, West Virginia, to pay in full the principal of and interest on a note of the Issuer issued to said Bank for the purpose of temporarily financing a portion of the costs of acquisition and construction of the Project.

Section 11. The remaining proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of the costs of completion of acquisition and construction of the Project, including, without limitation, costs of issuance of the Bonds.

Section 12. The Issuer has a dispute with its former consulting engineer, Howard, Needles, Tammen and Bergendoff, over the engineering fees. When this dispute is resolved and if the proceeds of the Bonds currently allocated to pay engineering fees are not paid to said engineer, such proceeds shall only be applied to payment of capital expenditures of the System and shall not be used for operation and maintenance expenses.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about November 10, 1993.

Section 14. The completion of acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. 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 (or continued in) the Bond Resolution held by the Depository Bank in repurchase agreements with maturities not exceeding thirty days, or, if unavailable, such moneys not invested in

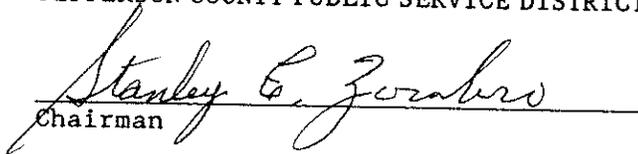
repurchase agreements shall be invested in time accounts secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1993 A Bonds Sinking Fund shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of November, 1993.

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of JEFFERSON COUNTY PUBLIC SERVICE DISTRICT on the 5th day of November, 1993.

Dated: November 10, 1993.

{SEAL}


Secretary, Public Service Board

11/04/93
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LOAN AGREEMENT

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

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT #
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

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

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

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

Provided that if the Local Government has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by

prospective users of the System shall be required to connect thereto;

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

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

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

Attest:

Carol A. Hill
Its Secretary

Date: September 21, 1993

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: *Frederick R. McGee*
Its Chief, Office of Water Resources

Date: 24 SEP 1993

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: *Daniel B. Yanbesky*
Its Director

Attest:

Bonnie B. Meadows
Secretary-Treasurer

Date: September 22, 1993

APPROVED AS TO FORM PRIOR TO
ACKNOWLEDGEMENT THEREOF. THIS
25th day of August, 19 92.

BY: *Dawn E. Wayfield*
Attorney General
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

I. As required by the Clean Water Act under Title VI, Section 602(b)(6), and the Loan Agreement, the Local Government does hereby certify that it has :

- a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the _____ day of _____, 19__.
- b. Utilized the services of _____,
our prime engineer who either:
 - _____ Supervised our project construction; and/or
 - _____ Provided architectural and engineering services during construction.

For a period of twelve (12) months following the initiation of operations, the prime engineer provided the following services:

- 1) Directed project operation and maintenance; and
- 2) Trained operating personnel and prepared the required curricula and training materials, and revised the operation and maintenance manual(s); and
- 3) Advised the Local Government on the status of the project meeting performance standards.

II. The Local Government, having access to and control of all the necessary data, and having monitored the construction of this project, hereby certifies that the project built under this Loan Agreement meets:

- a. The specifications for which the project was planned, designed, and built.
- b. The effluent limitations contained in its NPDES permit, if applicable.

Local Government Name

Local Government Representative's Name and Title

Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

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

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

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

By _____

West Virginia License No. _____

[SEAL]

EXHIBIT E

[Special Conditions]

The recipient agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia
Municipal Bond Commission on behalf of [Local Government] on
_____, ____.

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Fund: \$_____

Witness my signature this ____ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

We are bond counsel to _____
(the "Local Government"), a _____.

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

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

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

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as
amended (the "Local Statute"), and the bond _____ duly
enacted by the Local Government on _____ (the "Local

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 971,000
Purchase Price of Bonds	\$ 971,000

Interest on the Bonds shall be zero percent from the date of delivery to and including November 30, 1993. Principal and ~~interest~~ on the Bonds is payable quarterly, commencing March 1, 1994, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has ~~{no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds}~~ or [provide list of outstanding debt]. *

The Local Government shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. If the Reserve Fund is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Bond Commission. The Local Government shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and ~~interest~~ and such Bonds shall grant the Authority a [first] lien on the net revenues of the Local Government's system.

The Local Government may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

*West Virginia Water Development Authority - Sewer Revenue Bonds, 1988 Series A, issued May 5, 1988, in the principal amount of \$1,703,069 and currently outstanding in the amount of \$1,685,004; and Sewer Revenue Bonds, 1988 Series B, issued May 5, 1988, in the principal amount of \$425,767 and currently outstanding in the amount of \$405,635.

SCHEDULE Y

Jefferson County PSD				
DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1993	-	-	-	-
3/01/1994	12,138.00	-	-	12,138.00
6/01/1994	12,138.00	-	-	12,138.00
9/01/1994	12,138.00	-	-	12,138.00
12/01/1994	12,138.00	-	-	12,138.00
3/01/1995	12,138.00	-	-	12,138.00
6/01/1995	12,138.00	-	-	12,138.00
9/01/1995	12,138.00	-	-	12,138.00
12/01/1995	12,138.00	-	-	12,138.00
3/01/1996	12,138.00	-	-	12,138.00
6/01/1996	12,138.00	-	-	12,138.00
9/01/1996	12,138.00	-	-	12,138.00
12/01/1996	12,138.00	-	-	12,138.00
3/01/1997	12,138.00	-	-	12,138.00
6/01/1997	12,138.00	-	-	12,138.00
9/01/1997	12,138.00	-	-	12,138.00
12/01/1997	12,138.00	-	-	12,138.00
3/01/1998	12,138.00	-	-	12,138.00
6/01/1998	12,138.00	-	-	12,138.00
9/01/1998	12,138.00	-	-	12,138.00
12/01/1998	12,138.00	-	-	12,138.00
3/01/1999	12,138.00	-	-	12,138.00
6/01/1999	12,138.00	-	-	12,138.00
9/01/1999	12,138.00	-	-	12,138.00
12/01/1999	12,138.00	-	-	12,138.00
3/01/2000	12,138.00	-	-	12,138.00
6/01/2000	12,138.00	-	-	12,138.00
9/01/2000	12,138.00	-	-	12,138.00
12/01/2000	12,138.00	-	-	12,138.00
3/01/2001	12,138.00	-	-	12,138.00
6/01/2001	12,138.00	-	-	12,138.00
9/01/2001	12,138.00	-	-	12,138.00
12/01/2001	12,138.00	-	-	12,138.00
3/01/2002	12,138.00	-	-	12,138.00
6/01/2002	12,138.00	-	-	12,138.00
9/01/2002	12,138.00	-	-	12,138.00
12/01/2002	12,138.00	-	-	12,138.00
3/01/2003	12,138.00	-	-	12,138.00
6/01/2003	12,138.00	-	-	12,138.00
9/01/2003	12,138.00	-	-	12,138.00
12/01/2003	12,138.00	-	-	12,138.00
3/01/2004	12,137.00	-	-	12,137.00
6/01/2004	12,137.00	-	-	12,137.00
9/01/2004	12,137.00	-	-	12,137.00
12/01/2004	12,137.00	-	-	12,137.00
3/01/2005	12,137.00	-	-	12,137.00
6/01/2005	12,137.00	-	-	12,137.00
9/01/2005	12,137.00	-	-	12,137.00
12/01/2005	12,137.00	-	-	12,137.00
3/01/2006	12,137.00	-	-	12,137.00

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = NEWFILE
9/10/1993 5:04 PM

Jefferson County PSD

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/2006	12,137.00	-	-	12,137.00
9/01/2006	12,137.00	-	-	12,137.00
12/01/2006	12,137.00	-	-	12,137.00
3/01/2007	12,137.00	-	-	12,137.00
6/01/2007	12,137.00	-	-	12,137.00
9/01/2007	12,137.00	-	-	12,137.00
12/01/2007	12,137.00	-	-	12,137.00
3/01/2008	12,137.00	-	-	12,137.00
6/01/2008	12,137.00	-	-	12,137.00
9/01/2008	12,137.00	-	-	12,137.00
12/01/2008	12,137.00	-	-	12,137.00
3/01/2009	12,137.00	-	-	12,137.00
6/01/2009	12,137.00	-	-	12,137.00
9/01/2009	12,137.00	-	-	12,137.00
12/01/2009	12,137.00	-	-	12,137.00
3/01/2010	12,137.00	-	-	12,137.00
6/01/2010	12,137.00	-	-	12,137.00
9/01/2010	12,137.00	-	-	12,137.00
12/01/2010	12,137.00	-	-	12,137.00
3/01/2011	12,137.00	-	-	12,137.00
6/01/2011	12,137.00	-	-	12,137.00
9/01/2011	12,137.00	-	-	12,137.00
12/01/2011	12,137.00	-	-	12,137.00
3/01/2012	12,137.00	-	-	12,137.00
6/01/2012	12,137.00	-	-	12,137.00
9/01/2012	12,137.00	-	-	12,137.00
12/01/2012	12,137.00	-	-	12,137.00
3/01/2013	12,137.00	-	-	12,137.00
6/01/2013	12,137.00	-	-	12,137.00
9/01/2013	12,137.00	-	-	12,137.00
12/01/2013	12,137.00	-	-	12,137.00
TOTAL	971,000.00	-	-	971,000.00

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = NEWFILE
9/10/1993 5:04 PM

YIELD STATISTICS

Accrued Interest from 12/01/1993 to 12/01/1993...	-
Average Life.....	10.125 YEARS
Bond Years.....	9,831.18
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	-
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	-



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 1st day of October, 1993.

CASE NO. 93-0464-PSD-PC

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

Petition for approval of increased
borrowing.

COMMISSION ORDER

On May 20, 1993, Jefferson County Public Service District, a public utility, Charles Town, Jefferson County, filed a petition with the Commission, pursuant to West Virginia Code Section 16-13A-25, for consent and approval to increase its previously authorized borrowing from \$754,652, to an amount not to exceed \$889,803.

On June 15, 1993, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before December 6, 1993.

Thereafter, on September 14, 1993, Jefferson County Public Service District filed an amended petition for approval of increased borrowing, alleging that the West Virginia Water Pollution Control Revolving Fund through the West Virginia Water Development Authority has approved the issuance of non-interest-bearing bonds in the amount of \$971,000, i.e., since these bonds bear no interest, the District can now afford to borrow this greater amount. The District indicated that the \$971,000 was needed in order to pay outstanding debts and to fully fund its reserve accounts. The District also requested a quick decision so that the bonds can be issued on October 26, 1993.

By recommended decision entered September 24, 1993, Administrative Law Judge Ronnie Z. McCann approved the amended petition. Thereafter, on September 29, 1993, Mark E. Kauffelt, Esq., counsel for Jefferson County Public Service District; and Susan J. Riggs, Esq., counsel for Commission Staff, filed a joint petition with the Commission seeking a waiver of the 15-day period for filing exceptions to the aforesaid recommended decision. The District and Commission Staff, being the only parties to this proceeding request the waiver so that the District may proceed to finalize its borrowing as soon as possible, under the terms set forth in the September 24, 1993 recommended decision.

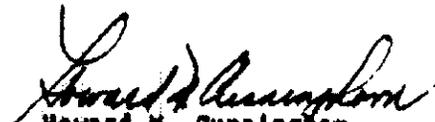
West Virginia Code Section 24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to Section 24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, Section 24-1-9(e) 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 September 29, 1993, 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.

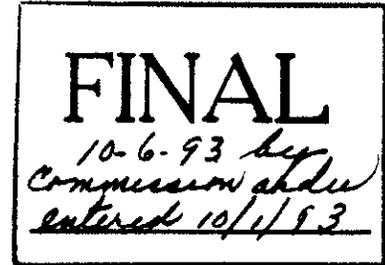
A True Copy, Teste:


Howard N. Cunningham
Executive Secretary

HMC/s

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 24, 1993



CASE NO. 93-0464-PSD-PC

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

Petition for approval of increased
borrowing.

RECOMMENDED DECISION

On May 20, 1993, Jefferson County Public Service District (District), a public utility, Charles Town, Jefferson County, filed a petition with the Commission, pursuant to West Virginia Code (Code) §16-13A-25, for consent and approval to increase its previously authorized borrowing from \$754,652, to an amount not to exceed \$889,803.

On May 28, 1993, Staff Attorney Susan J. Riggs, Esquire, filed the Initial Joint Staff Memorandum, dated June 7, 1993, in this proceeding. Staff Attorney Riggs reported that Commission Staff currently was investigating this matter and would file a final recommendation when its review is complete.

On June 15, 1993, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before December 16, 1993. Pursuant to all of the above, on June 16, 1993, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in processing and resolving this matter, including a September 20, 1993 hearing date. On July 9, 1993, the ALJ issued a Procedural order establishing a New Procedural Schedule, scheduling this matter for hearing to be held on September 27, 1993. On September 23, 1993, the ALJ cancelled the procedural schedule, including the September 27, 1993 hearing date.

On September 14, 1993, the District filed an Amended Petition for Approval of Increased Borrowing (Amended Petition), alleging that the West Virginia Water Pollution Control Revolving Fund through the West Virginia Water Development Authority (WDA) has approved the issuance of non-interest-bearing bonds in the amount of \$971,000, i.e., since these bonds bear no interest, the District can now afford to borrow this greater amount. The District indicated that the \$971,000 was needed in order to pay all outstanding debts and to fully fund its reserve accounts. The District also requested a quick decision so that the bonds can be issued on October 26, 1993.

On September 23, 1993, Staff Attorney Riggs filed the Further Final Joint Staff Memorandum in this proceeding. Attached thereto was the Initial Staff Internal Memorandum, dated September 20, 1993, from Senior Utilities Analyst Geert Bakker, Public Service District Division. Together, these Memoranda comprise Staff's final recommendation in this matter.

Commission Staff opined that the availability of the non-interest-bearing loan in the amount of \$971,000, would benefit the District and its customers, allowing the District to eliminate all of its outstanding debt, to fully fund its reserve accounts and to keep its rates constant. Staff pointed out that the annual debt service on the \$971,000 loan actually was \$11,450 less than the District's current debt service on its \$754,652 loan, due to the 7.34% interest on its existing loan. Staff thereupon recommended approval of the Amended Petition, without a hearing.

DISCUSSION

Upon consideration of all of the above, since there is no dispute between Commission Staff and the District, the ALJ will consider the parties to have waived their rights to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, pursuant to Code §24-1-9(b), or to a hearing. The ALJ will grant the Amended Petition and authorize the District to borrow \$971,000 from the WDA, at 0% interest.

FINDINGS OF FACT

1. Jefferson County Public Service District filed a petition with the Commission, pursuant to Code §16-13A-25, for consent and approval to increase its previously authorized borrowing from \$754,652 to an amount not to exceed \$889,803. (See, Petition, filed May 20, 1993).

2. The District filed an Amended Petition for Approval of Increased Borrowing with the Commission, pursuant to Code §16-13A-25, for consent and approval to increase its previously authorized borrowing to \$971,000, rather than \$889,803, due to the availability of an interest-free loan from the WDA. (See, Amended Petition, filed September 14, 1993).

3. Commission Staff has opined that the Amended Petition should be approved, without a hearing. (See, Further Final Joint Staff Memorandum, with Attachment, filed September 23, 1993).

4. The increased borrowing in the amount of \$971,000, at 0% interest, under the Amended Petition, would enable the District to eliminate all of its outstanding debt and to fully fund its reserve accounts, without increasing its rates. (See, Further Final Joint Staff Memorandum, with Attachment, filed September 23, 1993).

CONCLUSION OF LAW

For all of the reasons set forth in Findings of Fact Nos. 2, 3, and 4, it is reasonable to approve the Amended Petition filed

September 14, 1993, and to authorize the District to borrow \$971,000 from the WDA at 0% interest.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed with the Commission on May 20, 1993, by the Jefferson County Public Service District, pursuant to Code §16-13A-25, as amended by the Amended Petition for Approval of Increased Borrowing, filed September 14, 1993, by the District, for consent and approval to increase the District's previously authorized borrowing from \$754,652, to an amount not to exceed \$971,000, at an interest rate not to exceed 0%, be, and it hereby is, granted.

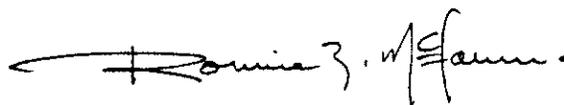
IT IS FURTHER ORDERED that the Jefferson County Public Service District, be, and it hereby is, authorized to borrow an amount not to exceed \$971,000, at an interest rate of 0%, from the West Virginia Water Pollution Control Revolving Fund, through the West Virginia Water Development Authority.

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.



Ronnie Z. McCann
Administrative Law Judge

RZM:dfs



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

2-20-92

Entered: January 31, 1992

CASE NO. 91-163-PSD-42A

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,
Ranson, Jefferson County.
Rule 42-A application to increase sewer
rates and charges.

RECOMMENDED DECISION

PROCEDURE

On March 11, 1991, the Jefferson County Public Service District (District) filed an application with the Public Service Commission, pursuant to Rule 42-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules), seeking to increase its sewer rates and charges. A hearing was held in this matter on August 9, 1991. On September 24, 1991, the Administrative Law Judge entered his Recommended Decision, which ordered, in relevant part:

IT IS, THEREFORE, ORDERED that the application filed with the Commission on March 11, 1991, by the Jefferson County Public Service District, pursuant to Rule 42-A of the Commission's Tariff Rules, seeking an increase in its sewer rates and charges, be, and the same hereby is, approved, to the extent set forth in appendix A attached hereto, which rates are a 44% increase for residential, commercial and sale for resale customers. The Applicant shall file with the Commission a proper tariff in accordance with Appendix A, attached hereto, setting forth the rates and charges approved herein within ten (10) days of this becoming the final order of the Commission.

IT IS FURTHER ORDERED that, by service upon Walnut Grove Utilities, Inc., of this Recommended Decision, said Walnut grove shall file a Tariff Rule 30-B rate proceeding with the Commission within thirty (30) days of this becoming the final order of the Commission, thereby seeking rate relief in order to pass on to its customers the increased sale for resale rate approved herein.

IT IS FURTHER ORDERED that the Applicant shall investigate, or require Walnut Grove to investigate, Walnut Grove's sewer system to determine whether reasonably correctable inflow and infiltration problems exist with regard to Walnut Grove's sewer

lines. If such problems exist, the Applicant shall take all appropriate actions to insure that Walnut Grove makes such corrections to its system within six (6) months of this becoming the Commission's final order. By service hereof, Walnut Grove is given notice that it shall fully cooperate in this effort to eliminate inflow and infiltration from its system.

The Commission has henceforth received a number of Petitions for further hearing filed by customers of Walnut Grove, the District's only sale for resale customer. These customers allege that due to the District's original newspaper publication of its rate increase filing, which specifically stated that there would be a 0% increase in the bulk rate, and such rate would remain the same, they believed that they would not be affected by the District's rate proceeding and therefore did not attend the District's hearing. However, since the Recommended Decision does in fact allow the District an increase in the rate applicable to Walnut Grove, the customers of Walnut Grove request the opportunity to duly note their position regarding the rate increase.

Pursuant to all of the above, on October 11, 1991, the Commission Order Remanding Case to Administrative Law Judge (CORALJ) was entered in this proceeding, thereby remanding this procedure to the Division of Administrative Law Judges (ALJ Division) and thereby requiring the ALJ Division to consider the substantive nature of the foregoing petitions and protests received from the customers of Walnut Grove. The CORALJ also directed the Executive Secretary to publish a Notice attached thereto, thereby informing all of the customers of Walnut Grove of the instant proceeding and of the recommended rate increase. The foregoing Notice was published on October 17, 1991, in the Spirit of Jefferson Advocate, a newspaper published and of general circulation in Jefferson County.

On October 25, 1991, the Order Modifying Remand Order (OMRO) was entered, thereby modifying the CORALJ to permit the District to implement, as interim rates, the rates approved in the Recommended Decision entered September 24, 1991, for all bills rendered after the date of the OMRO to all customers except Walnut Grove, until a further recommended decision is entered by the Administrative Law Judge (ALJ).

Pursuant to all of the above, on October 30, 1991, the ALJ scheduled this matter for hearing to be held on December 13, 1991, and joined Walnut Grove as a necessary party to this proceeding so that, should the ALJ decide to increase the District's sale for resale rates, the ALJ may also require Walnut Grove to file a Rule 30-B case in order to pass this increase on to its customers. Also, the ALJ directed that Walnut Grove address the allegations of possible inflow and infiltration problems at the hearing.

On December 9, 1991, the District filed an Affidavit of Publication which indicated that the Notice of Hearing for the December 13, 1991 hearing had been published on November 7, 1991 and November 14, 1991, in the Spirit of Jefferson Advocate, a newspaper published and of general circulation in Jefferson County, West Virginia.

On December 13, 1991, the hearing was held as scheduled. The District appeared by counsel, Mark E. Kauffelt, Esquire. Two Intervenor appeared by counsel, Security Hills Citizens Association (Security Hills) by Davitt McAteer, Esquire, and City of Charles Town (Charles Town), by Arnold O. Weiford, Esquire. Commission Staff appeared by counsel, Staff Attorney Susan J. Riggs, Esquire. Walnut Grove Utilities, Inc. (Walnut Grove), which had been joined as a necessary party, failed to appear at the hearing.

The parties waived the filing of briefs and/or proposed findings of fact and conclusions of law in this proceeding, pursuant to West Virginia Code §24-1-9(b), at the hearing.

Commission Staff presented the testimony of one witness, Sterling E. Bare. The District presented the testimony of one witness, William B. Stine, and one exhibit.

At the hearing, Security Hills moved for a continuance of this proceeding and for a consolidation with Case No. 91-866-W-GI, Walnut Grove Utilities, Inc., which motions were denied at the hearing. (Tr., pp. 12-27).

EVIDENCE

The first witness to testify was Sterling E. Bare, who testified on behalf of Commission Staff that he is a Utilities Analyst for the Commission's Water and Sewer Section, Utilities Division. He stated that he performed the Staff review in this proceeding and prepared Staff's Rule 42 Exhibit. Mr. Bare indicated that, at the time of Staff's original recommendation in this case, it was estimated with the best information available that the sewage flow produced by Walnut Grove was 788,000 gallons monthly. However, he noted, since the time of the August 9, 1991 hearing, more accurate readings have been obtained through the District's flow meter which indicate that 1,205,000 gallons of sewage per month flows from Walnut Grove's system into the District's system. He opined that, with the newer and more accurate flow information, the District's sale for resale rate does not need to be increased from its present level of \$4.34 per 1,000 gallons. He indicated that Staff had earlier recommended increasing the sale for resale rate to \$6.29, but now was recommending no increase in the sale for resale rate. He also stated that the District would have sufficient revenues with which to operate by making permanent the interim rate of \$10.79 per 1,000 gallons for all other customers. (Tr., pp. 28-31).

Mr. Bare also testified that he has been involved in another case (Case No. 89-580-S-19A) wherein the District had tried to collect about \$18,000 in past due sewer bills from Walnut Grove. He indicated that Walnut Grove was not keeping up with the payment schedule to reduce this arrearage, even though it was authorized to collect a \$0.35 per 1,000 gallon surcharge for this purpose. (Tr., pp. 32-34; 40-41).

Mr. Bare stated that, while about 1,205,000 gallons of monthly sewage flows from Walnut Grove's system into the District's, only about 600,000 gallons of water are used by Walnut Grove's customers during the

same time period. He emphasized that he was not an engineer, but he ventured an opinion that this differential was due to inflow and infiltration from Walnut Grove's water system since the area is experiencing a drought. (Tr., pp. 35-39).

William B. Stine, Jr., testified on behalf of the District that he is the District's General Manager. He sponsored District's Exhibit No. 10 (so numbered because the District presented nine exhibits at the August 9, 1991 hearing), which is an accounting of Walnut Grove's billing from and payment to the District, indicating a balance owed by Walnut Grove to the District of \$17,115.39 for the old arrearage found in Case No. 89-580-S-19A, and a new arrearage of at least \$31,199.67. (Tr., pp. 50-53).

It is hereby noted that a separate proceeding, Case NO. 91-866-W-GI, Walnut Grove Utilities, Inc., was heard on December 12, 1991, in which Walnut Grove agreed for its water operations to be placed in receivership.

DISCUSSION

Upon consideration of all of the above, the ALJ will increase the residential rates for the District by 44%, as set forth in the September 24, 1991 Recommended Decision. However, the ALJ will not increase the sale for resale rates, which will remain at \$4.34 per 1,000 gallons, since Commission Staff now believes that, due to a more accurate estimate of Walnut Grove's actual sewage flow to the District, leaving the sale for resale rate at its present level and increasing the residential rate to \$10.79 per 1,000 gallons will generate sufficient revenues with which to properly operate the District's system. Since the resale rate will not change, there is no need to direct Walnut Grove to file a Rule 30-B proceeding.

Secondly, since the ALJ made Walnut Grove a party; since the ALJ directed Walnut Grove to address its inflow and infiltration problems at the hearing; since Walnut Grove failed to appear at the hearing; and since only the water operations of Walnut Grove will be placed into receivership in Case No. 91-866-W-GI, the ALJ will mandate Walnut Grove to investigate the cause of its apparent inflow and infiltration problems and to correct these problems within sixty (60) days. Also, the ALJ will mandate Walnut Grove to make all payments of its sewer bill to the District on a timely basis, including all arrearages and all current billings. The ALJ would observe that failure to follow these mandates could very well lay the foundation for Staff to petition for Walnut Grove's sewer operations to be placed into receivership, or for Walnut Grove to experience other legal ramifications.

FINDINGS OF FACT

1. The Jefferson County Public Service District filed an application with the Commission, pursuant to Rule 42-A of the Commission's Tariff Rules, seeking to increase its rates and charges for providing sewer service. (See, Application, filed March 11, 1991).

2. The ALJ entered a Recommended Decision which increased rates by 44% for all classes of customers; directed the District's only resale customer, Walnut Grove, to file a Rule 30-B proceeding to pass on to its customers the increased resale rate; and directed the District to investigate Walnut Grove's operations to determine the problems Walnut Grove has been experiencing with inflow and infiltration. (See, Recommended Decision, entered September 24, 1991).

3. The Commission received numerous petitions for further hearing of the instant case alleging that the public notice indicated there would be no increase in the resale rate and, thereupon remanded this proceeding to the ALJ for further hearing and decision. (See, Commission Order Remanding Case to Administrative Law Judge, entered October 11, 1991).

4. At the December 13, 1991 hearing, Commission Staff changed its previous recommendation that the resale rate should be increased to \$6.29 per 1,000 gallons, thereby recommending that the resale rate should remain at \$4.34 per 1,000 gallons, based upon revised sewage flow data. (See, Testimony of Sterling E. Bare, Tr., pp. 28-31).

5. Staff opined that increasing the residential rate to \$10.79 per 1,000 gallons and leaving the resale rate at \$4.34 per 1,000 gallons would generate sufficient revenues with which to properly operate the District's system. (See, Testimony of Sterling E. Bare, Tr., pp. 28-31).

6. Walnut Grove is a party to this proceeding. (See, Procedural Order issued October 30, 1991).

7. Walnut Grove was directed to address its inflow and infiltration problems at the hearing. (See, Procedural Order, issued October 30, 1991).

8. Walnut Grove received a copy of the October 30, 1991 Procedural Order making it a party in this proceeding. (See, Commission's file, green United States Certified Mail Domestic Return Receipt, indicating delivery on November 2, 1991).

9. Walnut Grove failed to appear at the December 13, 1991 hearing. (See, Transcript, pp. 1-61).

10. Walnut Grove owed the District approximately \$50,000 for unpaid sewage bills at the time of the hearing. (See, District Ex. No. 10; Testimony of William B. Stine, Tr., pp. 50-53).

CONCLUSIONS OF LAW

1. Since Commission Staff has changed its previous recommendation that the resale rate should be increased to \$6.29 per 1,000 gallons, thereby recommending that the resale rate should remain at \$4.34 per 1,000 gallons, based upon revised sewage flow data; and since Staff opined that increasing the residential rate to \$10.79 per 1,000 gallons, and leaving the resale rate at \$4.34 per 1,000 gallons, would generate sufficient revenues with which to properly operate the District's system, it is reasonable to increase the District's residential rate to \$10.79

per 1,000 gallons and to leave its resale rate at \$4.34 per 1,000 gallons.

2. Since the resale rate will not be increased, there is now no need to direct Walnut Grove to file a Rule 30-C proceeding.

3. Since Walnut Grove is a party to this proceeding; since Walnut Grove was directed to address its inflow and infiltration problems at the hearing; since Walnut Grove received a copy of the October 30, 1991 Procedural Order making it a party in this proceeding; and since Walnut Grove failed to appear at the December 13, 1991 hearing, it is reasonable to mandate that Walnut Grove investigate and correct its inflow and infiltration problems within sixty (60) days.

4. Since Walnut Grove owed the District approximately \$50,000 for unpaid sewage bills at the time of the hearing, it is reasonable to mandate Walnut Grove to pay all of its sewer bills, both current and past due arrearages, within one (1) year.

5. West Virginia Code §24-2-7 provides for utilities to be placed into receivership for failure to provide reasonable service to its customers or for being in violation of the laws, rules and regulations of the Commission. (See, Code §24-2-7).

6. Code §24-4-3, and §24-4-8 provide civil monetary penalties for utilities failure to obey all laws, rules, regulations and orders of the Commission. (See, Code §24-4-3 and §24-4-8).

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on March 11, 1991, by Jefferson County Public Service District, pursuant to the Commission's Tariff Rules, seeking an increase in its sewer rates and charges, be, and the same hereby is, approved, to the extent recommended by Staff at the December 13 1991 hearing, i.e., the residential rates shall be \$10.79 per 1,000 gallons and the sale for resale rates shall remain at \$4.34 per 1,000 gallons. The District shall file with the Commission within ten (10) days of this decision becoming the Commission's final order proper tariff sheets setting forth the rates and charges herein approved.

IT IS FURTHER ORDERED that Walnut Grove Utilities, Inc., shall fully and completely investigate all of its inflow and infiltration problems with its sewer system and make all necessary corrections thereto and repairs thereof in order to virtually eliminate this problem within sixty (60) days of the date this decision becomes the final order of the Commission. Failure to follow this mandate may result in civil monetary penalties being levied against Walnut Grove, pursuant to West Virginia Code §24-4-3 and §24-4-8, or in Walnut Grove being place into receivership, pursuant to Code §24-2-7.

IT IS FURTHER ORDERED that Walnut Grove shall immediately commence paying all of its sewer bills owed to the District, both current usage billings and all arrearages, in a timely fashion, and shall reduce all

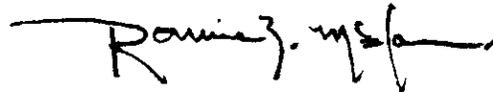
such arrearages to zero (\$0) within one (1) year of this decision becoming the final order of the Commission. Likewise, failure to obey this mandate may result in sanctions against Walnut Grove pursuant to Code §24-4-3, §24-4-8, or §24-2-7.

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.



Ronnie Z. McCann
Administrative Law Judge

RZMc:cjf



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 October, 1991.

CASE NO. 91-163-PSD-42A

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
Rule 42A application to increase sewer rates and charges.

ORDER MODIFYING REMAND ORDER

On October 11, 1991, an Order was entered by the Commission remanding this proceeding to the Administrative Law Judge Division for consideration of the substantive nature of petitions and protests regarding a rate increase received from customers of Walnut Grove Utilities, Inc., a resale customer of Jefferson County Public Service District. The Order further required the Commission's Executive Secretary to publish in a newspaper circulated in Jefferson County a Notice of Hearing and Decision which provides the customers of Walnut Grove the opportunity to submit to the Commission written protests to the District's rate increase.

On October 16, 1991, the District filed with the Commission a Petition to Reopen and Reconsider the Order of October 11, 1991. The District stated that due to its on-going revenue shortfall and overdue interest payments, it is imperative to the financial health of the District for its new rates to go into effect as soon as possible. The District further stated that the Order remanding this case effectively suspends the District's approved rate increase for all customers until the Administrative Law Judge reconsiders Walnut Grove's rate. Accordingly, the District requested that the Commission affirm the Recommended Decision in all respects except for the rate increase to Walnut Grove thereby permitting the District to implement the approved rate increase for its other customers. The District further requested that the present case be closed and the Commission initiate a proceeding to establish the appropriate rate for Walnut Grove.

Discussion

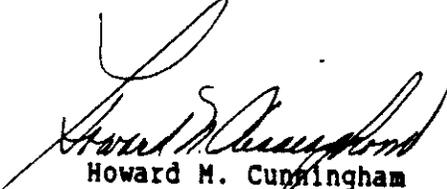
The Commission has determined that due to the District's revenue shortfalls and inability to meet interest payments, its Remand Order of October 11, 1991 should be modified to permit the District to implement, as interim rates, the rates approved in the Recommended Decision entered September 24, 1991 for all bills rendered after the date of this order to all customers except Walnut Grove, until a further Recommended decision is entered by the Administrative Law Judge. The Commission does not deem it appropriate, however, to close

this proceeding. Accordingly, the case shall remain open until the matters contained herein are finally resolved.

IN CONSIDERATION THEREOF IT IS THEREFORE ORDERED that the Commission's Remand Order entered October 11, 1991 be modified to permit the District to implement, as interim rates, the rates approved in the Recommended Decision entered September 24, 1991 for all bills rendered after the date of this order to all customers except Walnut Grove, until a further Recommended Decision is entered by the Administrative Law Judge.

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

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 24, 1991

CASE NO. 91-163-PSD-42A

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,
Rule 42A application to increase sewer
rates and charges.

RECOMMENDED DECISION

PROCEDURE

On March 11, 1991, the Jefferson County Public Service District (Applicant), Ranson, Jefferson County, filed an application with the Public Service Commission, pursuant to Rule 42-A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules), seeking to increase its sewer rates and charges.

On April 4, 1991, the Commission Referral Order was entered, referring this matter to the Division of Administrative Law Judges (ALJ Division). The Order required Commission Staff to submit its report on or before July 29, 1991, and the ALJ Division to render its decision in this proceeding on or before October 7, 1991. Pursuant thereto, on April 11, 1991, the Administrative Law Judge (ALJ) entered a Procedural Order establishing a procedural schedule to be followed in the processing and resolution of this proceeding.

On April 24, 1991, the Commission issued a Memorandum which addressed the internal administrative processing of Commission cases. Pursuant thereto, on May 7, 1991, the ALJ issued a Procedural Order which cancelled the procedural schedule established by the April 11, 1991 Procedural Order and established a new procedural schedule to be followed in the processing and resolution of this case. This new procedural schedule provided that an order directing publication of the Staff-recommended rates would be issued no later than August 5, 1991, and the proof of publication thereof would be filed on or before August 26, 1991. The May 7, 1991 Procedural Order also indicated that, if substantial protests were received after publication, or if the Applicant objected to the Staff-recommended rates, the application would either have to be dismissed or the Applicant would have to petition the Commission for an extension of the deadline for issuing a recommended decision, since there was not enough time for publication of a notice of hearing, the hearing itself, the filing of

briefs and adequate time within which to prepare a recommended decision following a litigated rate hearing.

On June 13, 1991, the Applicant filed with the Commission Secretary's Office a Certificate of Publication which indicated that the Applicant's proposed rates had been published in the Spirit of Jefferson Advocate, a newspaper published and of general circulation in Jefferson County, West Virginia, for two successive weeks, on May 30, 1991 and June 6, 1991. There were many protests to the Applicant's proposed rates.

On June 21, 1991, the Applicant filed its Motion of Jefferson County Public Service District for Hearing (Motion for Hearing), by Counsel, T. D. Kauffelt, Esquire, and Mark E. Kauffelt, Esquire. In the Motion for Hearing, the Applicant pointed out that its financial condition continued to deteriorate due to an outstanding bill in excess of \$28,000 owed to Charles Town. The Applicant also pointed out that the procedural schedule then in effect, pursuant to the May 7, 1991 Procedural Order, did not contemplate publication of recommended increased rates and charges until August 5, 1991. Based upon the Applicant's publication of its proposed rates, the Applicant stated that it believed there was no reason to continue to delay the setting of a hearing since the longer this case is delayed the more desperate the Applicant's financial condition becomes. Thereupon, the Applicant moved for a hearing as soon as possible. Pursuant thereto, on July 17, 1991, the ALJ issued a Procedural Order which scheduled this matter for hearing at Charles Town, West Virginia, on August 9, 1991.

On August 6, 1991, the Applicant filed a Certificate of Publication which indicated that the Notice of Hearing had been published in the aforesaid Spirit of Jefferson Advocate on August 1, 1991.

The hearing was convened as scheduled on August 9, 1991, at Charles Town, West Virginia. Due to the keen level of community interest in the outcome of this proceeding, there was a huge turnout for the hearing which necessitated the removal of the hearing from the Jefferson County Commission's Courtroom to the Charles Town Library Auditorium.

The Applicant appeared at the hearing by Counsel, T. D. Kauffelt, Esquire. The City of Charles Town (Charles Town) and the Charles Town Sewer Department (Charles Town Sewer), who were Intervenor in this matter, appeared by Counsel, Arnold Weiford, Esquire. The West Virginia Water Development Authority (WDA), an Intervenor, appeared by Counsel, John Phillip Melick, Esquire. Since there were so many of the Applicant's customers and public witnesses present at the hearing, appearing as Protestants, the ALJ permitted the Protestants to choose two from among their number to represent them at the hearing, who were Charles Eckstine and Fred Lehman, and, pursuant thereto, Mr. Eckstine and Mr. Lehman were granted Special Intervenor status by the ALJ.

A total of 21 Protestants presented their testimony in opposition to the proposed rate increase, to-wit:

William N. Wilt
James Watson
Boteler Link, Jr.
Gary Sager, Jr.
Charles Eckstine
Thomas H. Sims
Georgeanna Wilson
Brian Bellman
Phyllis Farmer
Sherman W. Diamond
Eunice Lloyd

James Morrison
Margaret Byers
Charles Williams
Fred Kratz
Robert Sherman
Cecil Dawson
Johnny Propst
Michael Lane Lewis
Fred Lehman
Carol Bradshaw

Additionally, the Protestants offered four exhibits into evidence.

The Applicant presented the testimony of William B. Stine, Jr., Edward Lee Cole and Delane Randolph, as well as nine exhibits, in behalf of its proposed rate increase; Charles Town presented the testimony of J. Robert Cain and two exhibits; the WDA presented the testimony of Bernie Yonkosky and three exhibits; and Commission Staff presented the testimony of Sterling E. Bare and two exhibits.

EVIDENCE

Most of the Protestants opted to present their testimony in opposition to the proposed rate increase prior to the presentation of evidence in support thereof, due to the large number in attendance at the hearing.

The first witness to testify was William N. Wilt, who opined that it was futile to address the rate increase, even though he was opposed thereto, but complained that the Applicant should make adjustments in sewer bills to account for water which does not pass through the Applicant's sewer system. He pointed out that the area was suffering from a drought and that many residents were using a lot of water to save their crops. (Tr., pp. 8-10).

James Watson testified that he is a Council Member of the Corporation of Ranson (Ranson). He pointed out that Burns Street and Bradsdale Street, in Ranson, are served by the Applicant's sewer system. He voiced opposition to the proposed rate increase because the people in his area cannot afford to pay higher rates. He opined that surely there must be other sources of funds to pay the Applicant's bills. (Tr., pp. 10-13). He referred to a newspaper article as the basis for his opinion of the existence of other funding sources besides the ratepayers. (Tr., pp. 13-15).

Boteler Link, Jr., testified that he was speaking in behalf of himself and about fifteen other families in opposition to the rate increase. He illustrated his own personal frustration by stating that he had purchased his home seven years ago and had installed a new sewer system; then, about a year and a half later, the Applicant's system was installed and he was ordered to connect. He complained that, even if he did not connect, he would still have to pay the bill. He then complained

that many others on Route 9 are not connected and are not paying sewer bills. He opined that, if everyone was required to pay their sewer bills, the Applicant might not need a rate increase. He stated that many of the Applicant's customers were on Social Security and other low, fixed incomes and were unable to afford a rate increase. (Tr., pp. 16-19).

Gary Sager, Jr., testified that he lived in Walnut Grove, Security Hills, which had its own sewer system when he moved there twelve years ago. He stated that now he is a customer of the Applicant, and his water and sewer bills have increased from "twenty-some dollars" to \$100 during this time period. He emphasized his opposition to the rate increase. He opined that the Applicant's system had been "shoved down our throats to begin with". (Tr., pp. 19-20). He indicated that the Applicant's system provides adequate service, but the rate increase was going to cut into the quality of life of area residents. He opined that the Applicant, and not the ratepayers, should be held accountable and responsible for the Applicant's own errors in judgment when the system was designed and installed. (Tr., pp. 20-21).

Upon cross-examination, Mr. Sager clarified that he was not a direct customer of the Applicant; rather, he pays his bills to Walnut Grove. He believed that the rate increase would affect him since Walnut Grove's sewage flows through the Applicant's system, indicating that Walnut Grove had notified him of as much through the mail. (Tr., pp. 21-22).

Charles Eckstine testified that he is President of Mockingbird Hill, a real estate investment company which owns and manages two mobile-home parks which are served by the Applicant's system. He stated that these parks had working sewer systems but, like Mr. Sager, had to connect to the Applicant's system when it passed through. He opined that his business is being forced to pay for someone else's mistake. (Tr., pp. 24-25). He stated that most of his tenants are on a low, fixed income. He indicated that sewer service is included in his rental rates, which are \$100 per lot, \$50 of which will be for sewer service if the rate increase is granted. He stated that, prior to the Applicant's installation of its system, his lots were full with a waiting list of fifteen to twenty families; however, now he has a vacancy rate of about 15%, which, when coupled with the proposed rate increase, may force him to close his business. (Tr., pp. 25-27).

Thomas Sims stated that he was voicing his opposition to the proposed rate increase on behalf of 113 families residing in the Orchard Hills area. They do not want any rate increase. (Tr., pp. 27-28). He contrasted the Applicant's present sewer rates with that of Ranson and of Charles Town, noting that Ranson residents pay \$2.09 per 1,000 gallons and Charles Town residents pay \$2.18 per 1,000 gallons, while the Applicant's customers pay \$7.45 per 1,000 gallons. He emphasized that this amount already is three or four times more than Ranson and Charles Town residents have to pay, prior to any rate hike. He said his sewer bill was \$160 for the past two months and that a 48% increase would add an additional \$40 per month, thereby running his monthly sewer bill over \$100. He said his water bill is \$50 per month. He said he could not afford the proposed increase and opined that none of the other residents could either. He

stated that his water usage averaged about 10,500 gallons monthly. (Tr., pp. 28-29). He presented a petition in opposition to the proposed increase, containing over 100 signatures, which was received into evidence over the objections of Counsel for the Applicant and the WDA. (Tr., pp. 29-30; Sims Exh. No. 1).

Several letters were offered from individuals not present at the hearing to testify and be cross-examined. These were not received into evidence. (Tr., pp. 32, 191, 339; Andrews Exh. No. 1; Pepper Exh. No. 1; Kimble Exh. No. 1).

Georgeanna Wilson testified that she was not only opposed to the rate increase, but also was against the method used to calculate the amount of her monthly sewer bill, based on an average usage, since she lives alone and does not have public water. (Tr., pp. 33-34). She also complained that she should have the bill adjusted for her first six months of service, since the system did not work properly during that time. (Tr., p. 34).

Brian Bellman testified that living about 200 yards outside of Charles Town's corporate limits presently meant the difference between paying \$2.18 per 1,000 gallons and \$7.45 per 1,000 gallons. He opined that the rates were discriminatory for customers of "apparently the same system". (Tr., pp. 35-36). He opined that the value of his investment in his home already has been jeopardized by the Applicant's rates, even before the proposed increase. He compared the rate increase to the Federal government's bailout of the "savings and loan fiasco" or with State government-"that financial black hole in Charleston where things disappear and never seem to come out again". (Tr., pp. 36-37). He underscored previous testimony concerning customer hardship and the lack of enforcement by the Applicant in requiring everyone to connect and/or pay rates. (Tr., pp. 37-38).

Phyllis Farmer testified that she is the only person in her household, yet she had to pay the same rate as a household of eight (presumably because she has no public water service). She stated that she has now given up her separate home and has moved in with her daughter because she could not afford the sewer bill. She wanted to know why Charles Town could not extend water service to her area, since its sewer lines run out there. (Tr., pp. 38-39).

Sherman W. Diamond testified that he had been a resident of Jefferson County for 28 years. He emphatically stated that the Applicant had promised lower, not higher, rates within two years of beginning operation. He criticized the Applicant for hiring attorneys from Charleston, as an added expense upon its ratepayers. He spoke in favor of a rate decrease, rather than an increase, for the Applicant's customers. He stated that the Applicant should consider laying off personnel and taking other cost-cutting measures. (Tr., pp. 40-41). He stated that he presently had to pay more for sewer service alone (\$34 monthly) than Charles Town residents pay for water, sewer and trash service combined (\$27 monthly). He criticized the Applicant's recent purchase of a new car and charged that the Applicant's system had never been thought out or engineered

properly, thereby vividly expressing his resentment for having to pay for someone else's poor judgment. (Tr., pp. 41-43).

Eunice Lloyd testified that she was against any rate increase. She corroborated Mr. Diamond's assertion that the Applicant had promised lower rates. She stated that her bill would rise from \$33.53 to about \$50 if the 48% increase is granted. She stated that only two persons lived in her household, yet she must pay the same as families with children. She stated that she had a properly functioning sewer system, but was forced to connect to the Applicant's system, while others living near her were not forced to connect, which she felt was unfair and was doing nothing to help the environment. (Tr., pp. 45-48). She also opined that the Applicant was not enforcing delinquent bills, citing a \$300 bill of a neighbor in support of her opinion. (Tr., p. 50).

James Morrison testified that the service provided by the Applicant was fine, but the proposed rate increase of 48% was out of line. He opined that the area's economy was in a recession, and the people could not afford an increase. (Tr., pp. 53-54).

Margaret Byers testified that she had not planned on testifying at the hearing until she received her water bill in the mail on the day of the hearing, for \$78.35 for two months. She opined her sewer bill would be several times higher than the water bill. She explained that she had consumed 21,000 gallons of water during the two-month period, most of it going on her "anemic" pin oak tree, to save it from the drought. (Tr., pp. 57-58).

Charles Williams testified that he is the owner and manager of Flower Springs Garden Apartments. He spoke against the proposed increase. He characterized his apartments as catering to temporary workers in the area and, due to the current recession or depression, he stated that he may have to lower his rental rates in order to keep tenants in his apartments. Since sewer service is included in the rent, he opined that, if sewer rates were increased, his business might fail. (Tr., pp. 59-60). He suggested that, if a rate increase is necessary, it should be phased in over a three or four year period. (Tr., pp. 60-62).

Fred Kratz testified that he is the Manager of Cavalier Mobile Home Court. He agreed with the other Protestants that no increase should be granted. He assured that not one of his tenants could afford a rate hike. (Tr., p. 64).

Robert Sherman testified that he agreed with all of the Protestants that a rate increase was not needed. He stated that it was unfair to base sewer bills upon water usage. He emphasized that he had been assured by the Applicant that his sewer bills would be going down. He agreed with others who had expressed a felt need for cleaning up the environment, but he cannot go along with a 48% increase in rates. He opined that he had been misled by the Applicant from the beginning. (Tr., pp. 65-68).

Cecil Dawson testified that he is opposed to the proposed increase. He stated his belief that the Applicant had misled its customers, that the

Applicant was inefficient and that it was not enforcing connections or unpaid bills. He said that he had never had a problem with his septic system for twenty-two years, but now was forced to connect to the Applicant's system. He stated that he personally knows widow women who have to dip into their savings because they cannot afford the present rates. (Tr., pp. 69-71).

Johnny Propst testified that the County Commissioners had sought his opinion during the planning of the Applicant's system, since he was the owner of Propst Plumbing and Heating. After being told that the rates would be \$15 or \$20 per month, he told the County Commissioners that the project was a good thing and that he supported it. But now, he emphasized, the sewer rates are \$33.50 for each trailer in his trailer court, and he cannot go along with an even higher rate. (Tr., pp. 72-73).

Michael Lane Lewis testified that he believed some individuals were tampering with their water meters, thereby receiving water and sewer service without paying the full price. He eloquently opined that the honest people in Jefferson County have been taken on a "trip around the world without leaving town" by the Applicant. He characterized the general attitude of the leaders in the area as, "if you don't work in D.C. or Baltimore, you don't need to survive here", indicating that many people were being forced out of Jefferson County because they cannot afford to keep up with it. (Tr., pp. 75-78). He stated that people can cut back on telephone usage and television cable, to save money, but people are stuck with the sewer no matter how much they tighten their belts. (Tr., pp. 78-79).

Fred Lehman testified that he believed the problem with the Applicant was that it has not enforced connections to its system, that it planned on more people connecting than what actually existed and that it had overbuilt its system. He cited one apartment complex as an example of the Applicant's failure to enforce connection to its system. (Tr., pp. 82-84).

Carol Bradshaw then testified as the final public witness, or Protestant, that she was still stunned by the bullish way in which the sewer system had been installed by the Sugar Construction Company. She expressed resentment that many families had been forced to connect to the Applicant's system. (Tr., pp. 332-334).

Ms. Bradshaw also opined that poor planning had created a lot of the cost overruns, citing the obvious need for having to blast lots of rocks in order to lay a sewer line in Jefferson County. She opined that many obvious things were apparently overlooked in the planning. (Tr., pp. 332-335). She complained about the unresponsiveness of the Applicant and its contractor in installing her own line. (Tr., pp. 335-336). She stated that the contractor damaged her fence and broke her water line seven times in 16 days, causing her hardship in trying to keep her 10-30 thoroughbred horses watered. She stated that, when the fence was damaged, one of her horses escaped and was struck by a car. She stated that she had to actually put the horse away on the spot. (Tr., p. 337).

Commission Staff moved to suppress two amended Tariff Rule 42 exhibits offered by the Applicant since these exhibits had been presented in an untimely fashion. The ALJ deferred ruling on the motion until this Recommended Decision was rendered, but ruled that the Applicant could present the documents to vouch the record. The ALJ hereby receives these documents into evidence, which were identified as Applicant's Exhibits Nos. 8 and 9. (Tr., pp. 85-92).

On behalf of the Applicant, William B. Stine, Jr., testified that he has been the General Manager of the Applicant for over five years. He stated he had been with the Applicant during the project's certification by the Commission and during the bidding and construction of the system. He described the financing of the project as comprising 75% Environmental Protection Agency (EPA) grants. He noted that some changes were made to the system, most notably to include two streets in Ranson and to extend a main to a park developed by the County Commission. He discussed, in detail, several specific change orders which resulted in cost overruns. He explained the need for each change as being unforeseen developments, such as the construction of the by-pass road by the Department of Highways, which led to design changes and delays in construction. The change orders resulted in \$783,461.78 in increased costs, \$215,000 of which was furnished by the County Commission and \$245,000 covered by the project's built-in contingency fund, leaving about \$330,000, and the Department of Natural Resources paid 75% of this amount. (Tr., pp. 94-111). Mr. Stine sponsored the Applicant's Exhibit No. 1, which was received into evidence, which is a summary of the various change orders. (Tr., pp. 111-114).

Mr. Stine stated that the Applicant has its sewage treated by the Charles Town sewer treatment plant. He indicated that Charles Town Sewer had expanded its treatment capacity in order to accommodate treatment of the Applicant's sewage, resulting in a debt service owed by the Applicant to Charles Town. He indicated that the current debt owed to Charles Town was \$28,033.12, less a \$2,500 payment made recently. (Tr., pp. 117-118; Applicant's Exh. No. 3).

Mr. Stine explained that, in addition to the debt service owed Charles Town, the Applicant must also pay a monthly sewage treatment fee to Charles Town, which is an operation and maintenance expense, in the amount of \$11,041, up from \$10,400 last year. (Tr., pp. 118-119, 121-122; Applicant's Exh. No. 4). He stated that the Applicant's bond ordinance requires it to pay operation and maintenance expenses first, then pay debt service. (Tr., p. 119).

Mr. Stine then sponsored Applicant's Exhibit No. 5, and explained that it is a summary of the Applicant's debt which it proposes to pay from the completion bonds for which it is seeking approval in the instant case. The total debt is \$754,682, including projected expenses for obtaining the completion bonds. He stated that the Applicant has notes, payable to the Blakely Bank & Trust Company (Blakely) in the amount of \$150,000 and payable to Old National Bank (ONB) in the amount of \$432,867, thereby indicating that the Commission heretofore had approved this indebtedness. He stated that the interest owed on these two loans is \$4,875 to Blakely and \$8,771 to ONB. He testified that the Applicant still owed construction costs of \$100,801 to its contractors and \$112,000 for engineering

services. He stated that the Applicant owed Charles Town Sewer a total of \$17,615 and the Municipal Bond Commission (MBC) \$19,585. He said the total debts were \$876,514. He also indicated that the Applicant could expect a final payment from the EPA of \$129,338 and a payment from the County Commission of \$3,744, thereby making the net indebtedness to be financed by the proposed completion bonds \$743,432. He testified that the Completion Bond Counsel fee would be \$11,250, thereby making a total needed of \$754,682. He stated that the bonds would be \$754,652, with the Applicant furnishing the remaining \$30. (Tr., pp. 126-130; Applicant's Exh. No. 5). Mr. Stine stated that the Applicant wishes to issue the completion bonds and complete the project. He also stated that the rates proposed by the Applicant would cover this additional debt. (Tr., p. 134).

Mr. Stine stated that there were reasons which he believed were responsible for the number of actual customers falling short of the projected amount when this project was planned. He gave one example of a developer who had already constructed water and sewer lines for 100 houses when the bank withdrew its financing for the housing project. He said the Applicant is actively enforcing the collection of bills and requiring customers to connect, including actions pending in Circuit Court. He said monthly revenues are about \$6,000 less than projected. (Tr., pp. 134-137).

He further explained the various change orders by stating that each was due to unforeseen events arising during construction. (Tr., pp. 138-140). He stated that he first realized there was going to be a shortfall about one year after construction began, or March 1989, but still thought the rates would be sufficient in the long run. (Tr., pp. 141-142).

He stated that one of the problems of the Applicant was the Walnut Grove subdivision, which physically connected to the Applicant's system in May 1990, pursuant to an order from DNR. He indicated that, since Walnut Grove never began paying until the end of 1990, it owes about \$18,000. (Tr., pp. 143-145). Since that time, the Applicant has billed Walnut Grove about \$26,000, while Walnut Grove has only paid about \$13,000. He said the Applicant is preparing to go to Circuit Court to have this bill paid. He expressed little hope of collecting, however, since Walnut Grove is a private sewer system. He opined that the Court could place a lien on Walnut Grove's system, but it is a system which will be a liability due to it having what he described as 100% infiltration. Mr. Stine based his opinion upon the fact that Walnut Grove's customers were sold about 600,000 gallons of water last month, while the Applicant treated about 1,200,000 gallons of sewage from Walnut Grove. (Tr., pp. 146-147).

He reiterated that the reasons for the change orders were due to unforeseen circumstances, some of which were changed circumstances due to occurrences after the plans for the project were complete, such as private roads becoming State roads. (Tr., pp. 155-157). He stated that the system has 818 customers and that the Applicant bills about \$32,000 monthly, collecting about \$30,000 monthly, with arrearages averaging about \$15,000 at any given time. (Tr., pp. 158-161). He stated that the

original projection was for 820 customers, but the Applicant had also anticipated tremendous growth in the area, which has not happened. He opined that the growth will still come to the area. (Tr., pp. 157, 161-163). He stated that about 25 people have not yet connected, and proceedings have been instituted in Circuit Court to accomplish this. (Tr., pp. 163-164).

Mr. Stine stated that the Applicant needed about \$15,000 monthly for municipal bonds, \$11,000 for treatment, \$10,000 for personnel and about \$1,000 for other operation expenses, thereby creating an approximate \$6,000 monthly revenue shortfall, since collections are only about \$30,000 monthly. (Tr., pp. 161-166). He explained the additional operating costs which have led to the requested increase, including increased electric bills for pumping stations and the need for one and one-half additional personnel. (Tr., pp. 183-184). Mr. Stine stated that the original estimate for the project was \$7,030,156 and the actual cost was \$7,809,565, or an additional \$779,409. (Tr., p. 188).

Edward Lee Cole testified on behalf of the Applicant that he is an accountant, and that he prepared the Applicant's Rule 42 exhibits. He sponsored Applicant's Exhibit Nos. 7, 8 and 9. (Tr., pp. 192-194, 196, 199). He stated that the Applicant's original Rule 42 (Applicant's Exh. No. 7) was designed to demonstrate where the Applicant stood financially on June 30, 1990, and does not take into account any debt service on the proposed completion bonds. (Tr., p. 193). He indicated that he submitted the original Rule 42 with the understanding that he could amend it later. (Tr., p. 194). He stated that the Amended Rule 42 (Applicant's Exh. No. 8) does include the amount needed for the completion bonds, \$755,727. Issuance of these completion bonds will prevent the Applicant and Charles Town Sewer from going into default on October 1, 1991. (Tr., p. 195). He stated that the Second Amended Rule 42 (Applicant's Exh. No. 9) merely made some corrections to the per books data, but did not make any changes to pro forma. He characterized the changes as bookkeeping adjustments which do not change the amount of the revenue request. (Tr., p. 197). He stated that both of the amended Rule 42 Exhibits still do not take into account the increase in operations and maintenance occasioned by Charles Town Sewer's increase in treatment rates, producing a shortfall in revenue of approximately \$6,000 annually. (Tr., p. 198; Applicant's Exh. No. 4). He stated that the Second Amended Rule 42 Exhibit also conforms the bill analysis to Staff's method of analysis. He stated the rates which are now requested are \$10.85 per 1,000 gallons for residential customers and \$4.34 for bulk or resale customers. (Tr., p. 199).

Upon cross-examination, Mr. Cole reiterated that time was a factor in filing the original Rule 42 Exhibit. He wanted to get the rate case started, but did not have all the necessary information available when this case was filed. He indicated that the Applicant knew of the general \$6,000 monthly shortfall, but did not have all of the specifications for the completion bond. Upon advice from the Applicant's Bond Counsel, Vince Collins, that the Rule 42 could be amended after filing, the Applicant decided to go ahead and file, then amend the Rule 42 Exhibit once all the needed information was available. (Tr., p. 201). He denied that the Applicant had ever stated that customer growth would take care of the debt service for the completion bonds. (Tr., pp. 202-203).

Mr. Cole explained that one of the reasons for the completion bonds is that the Grant Anticipation Notes (GANs) did not earn as much interest anticipated, since interest expense exceeded interest earned by about \$8,000. He attributed this to the Applicant having to withdraw the GANs money before the EPA money was available. (Tr., pp. 205-207).

Mr. Cole also clarified why Walnut Grove is not listed as a bad debt in the Applicant's Rule 42 Exhibits. He explained that Walnut Grove did not become a customer until near the close of the test year upon which the Rule 42 is predicated, i.e. Walnut Grove became a customer in May 1990, and the test year ended June 1990. He opined that it would not be proper, in accordance with generally accepted accounting principles, to declare Walnut Grove as a bad debt after only 30 days of delinquency. (Tr., pp. 326-327). He also opined that whatever increase is approved for Walnut Grove will not be totally collected. (Tr., p. 327). He stated he is not recommending an increase in the resale rate charged Walnut Grove, since it will not pay anyway, basing this opinion upon Walnut Grove's payment history. (Tr., p. 329).

Delane Randolph testified on behalf of the Applicant that he is an environmental engineer, and that he was the Chief Design Engineer for the Applicant's project. (Tr., pp. 215-216). He agreed with, and adopted as his own testimony, the change order information as set forth in Applicant's Exhibit No. 1 and Mr. Stine's explanation of the changes. (Tr., p. 210). He stated that the project design was begun in 1984. He indicated that several roads were made a part of the State's highway system after design began. (Tr., pp. 218-219). He first discovered these changes in December 1987, after the certificate had been granted for the project. (Tr., pp. 219-220). He stated that the engineering fees were \$1,100,000, about 13% of the project, or about 5% below the American Society of Civil Engineers Pricing Guidelines. (Tr., p. 221).

J. Robert Cain testified on behalf of Charles Town that he is the City Manager and Treasurer for Charles Town, and that he supervises the Charles Town Sewer. He stated that Charles Town has an intermunicipal agreement with the Applicant. He indicated that Charles Town agreed to add about 400,000 gallons of capacity to its treatment facility in order to accommodate the Applicant, thereby saving the Applicant between \$500,000 and \$1,000,000. In exchange, the Applicant has agreed to assume a portion of the debt. He stated that the Applicant's share of the debt service has raised from \$10,400 monthly to \$11,040 monthly because of increases in costs for electricity and chemicals. (Tr., pp. 223-224). He stated that, except for the Applicant's first month of operation in April 1991, the Applicant has always been behind in its debt service payments to Charles Town. He sponsored Charles Town Exhibit No. 1, which shows the August 1, 1991 balance which the Applicant owes Charles Town to be \$38,754.08. (Tr., pp. 224-226; Charles Town Exh. No. 1).

Mr. Cain stated that Charles Town is relying upon the Applicant to pay its debt service share in order for Charles Town to meet its obligations on its own bonds. He said Charles Town is now in arrears in its own bonds, in the amount of \$38,133.16 on the Series A bonds and \$3,690.33 on Series B bonds. (Tr., p. 227). He stated that the WDA has made

several requests for payment. He stated that the amount Charles Town is behind is due to the Applicant's failure to pay in a timely manner. (Tr., pp. 227-228). Upon an inquiry from the Protestants, he was unable to speculate on Charles Town's ability to merge its operations with the Applicant's. (Tr., pp. 228-233).

Sterling E. Bare testified on behalf of Commission Staff that he is a Utilities Analyst in the Water and Sewer Section, Utilities Division of the Public Service Commission. He sponsored Staff's Exhibit No. 1, the Staff Report for this Rule 42 proceeding, indicating it had been prepared by him and at his direction. (Tr., p. 235). He corrected an error in the rate analysis and in Staff's recommended rates for resale customers, thereby stating Staff was recommending that resale rates be increased from \$4.34 to \$5.48 per 1,000 gallons. This will change the revenue generated from Staff's recommended rates to \$460,619, reflecting a surplus of \$9,721 and a debt service coverage of 115.54%. (Tr., pp. 235-236). He also sponsored a corrected tariff sheet as Staff's Exhibit No. 2. (Tr., pp. 236-237).

Mr. Bare testified that Staff accepted the Applicant's proposed revenue requests, operating expense levels and debt service expenses, in totality, as requested in the original Rule 42 Exhibit. He stated that Staff's recommended rates reflect a 26% increase, which will generate the original request of \$460,619 in revenues. (Tr., p. 238). He stated that this increase would raise residential rates to \$9.39 per 1,000 gallons, increase unmetered customers' rates to \$42.26, and increase the resale rate to \$5.48. (Tr., p. 238).

Mr. Bare stated that he did not address the additional borrowing of the completion bonds, relying upon a statement made in the application that customer growth would be adequate to cover the additional debt service. He stated that the approximate \$800,000 in completion bonds is in addition to the amount the Commission approved in the certificate case. He stated that the debt was not to exceed \$2,198,573, according to the Commission's Order granting the certificate. He stated that the cost overruns and the money lost on the GANs issue is debt which the Commission has not yet approved and, therefore, he based his rate recommendations only upon Commission-approved debt service. (Tr., pp. 239-240).

Mr. Bare stated that the Applicant's engineer had knowledge of some of the cost-overrun prior to the certificate case, since it was not filed until February 1988. (Tr., p. 240). He stated that the Applicant needed prior approval to exceed the dollar amounts approved by the Commission in the certificate case. (Tr., pp. 241-242). He opined that the Applicant should file a Rule 30-B case if it wants to recoup the additional costs of sewage treatment owed to Charles Town. (Tr., p. 243).

Upon cross-examination, Mr. Bare stated that the Rule 42 filing did not seek as much of an increase as the Applicant now wants, but agreed that the publication of rates did disclose that rates may be increased to up to \$11 per 1,000 gallons, or a 48% increase. (Tr., pp. 251-252). He also agreed that the Commission, in a companion case (Case No. 91-197-PSD-PC), had granted emergency borrowing rights of \$800,000,

but did not grant any rates to support the additional borrowing. (Tr., 252). He emphasized that he is not going to recommend any increase to cover debts or operations which were not applied for in the application, insisting that a separate filing is needed. He stated that Staff had not had sufficient time to review the amended Rule 42 Exhibits of the Applicant since one had been filed only a few days before hearing, and the other had been filed on the day of hearing. (Tr., pp. 252-260).

Mr. Bare stated that cost overruns and change orders are not uncommon occurrences during a public utility construction project. (Tr., p. 266). He also agreed that he had known for some time that the Applicant was experiencing a need to borrow additional funds in order to complete its project, but did not know the precise amount until the week before the hearing. (Tr., p. 267). He acknowledged that, without substantial customer growth, the Staff-recommended rates would not cover the debt service requirement for the proposed completion bonds. (Tr., p. 269). He agreed that, if the Applicant defaults on the proposed WDA bonds, it would have a harmful impact upon the Applicant, and upon the WDA and its ability to finance other utility projects in the future. (Tr., p. 275).

Mr. Bare stated that the original filing in this proceeding included a request for \$800,000 in completion bonds, but did not include a request for rates sufficient to cover the debt service for these bonds. (Tr., p. 281). He also stated that, even after the Applicant filed its Amended Rule 42 Exhibit, there was not a sufficient explanation of what the proposed borrowing was supposed to fund. He stated that Staff does not recommend approval of borrowing money unless the request is supported by enough facts so that Staff can determine the reasonableness of the borrowing. He indicated that Staff could not make this determination with what the Applicant supplied to Staff (Tr., pp. 282-283). Mr. Bare stated that, even after hearing and briefly reviewing the Applicant's evidence presented at hearing, he would not recommend approving the proposed borrowing nor would he recommend rates to cover the additional debt service required by the additional borrowing. He opined that the DNR perhaps had brought about most of this problem by approving grants and loans for the Applicant, without the Applicant first obtaining Commission approval. He stated that any public utility can only spend in a certificate case the amount approved by the Commission. (Tr., pp. 284-285).

Bernie Yonkosky then testified on behalf of the Intervenor, WDA, that he is the Director of the WDA. He stated he had been involved with every project in which the WDA has assisted since its inception in 1974. He characterized the WDA's primary involvement as providing financing to water and sewer projects, having issued approximately \$150,000,000 in bonds to approximately 110 different communities throughout the State, with loan amounts ranging from \$100,000 to \$8,000,000. (Tr., pp. 288-289). He explained how the WDA functioned as a revenue bond bank to provide low interest loans to government entities. He stated that the Applicant's bond issue was for \$1,700,000 at a little over 8% interest and \$400,000 at 0%, thereby making the effective interest rate for the Applicant to be 7-1/2% for \$2,100,000, or at least 2% lower than the market rate for the same amount borrowed. (Tr., pp. 289-292).

Mr. Yonkosky sponsored WDA Exhibit No. 1, explaining that it is the Loan Agreement entered into between the WDA and the Applicant. (Tr., pp. 292-293). He stated that the Applicant is not current in its payments to the WDA, which are received on April 1 and October 1 each year. He also explained how, since the Applicant is also behind in its payments to Charles Town for sewage treatment, Charles Town is also behind in its own loan repayments to the WDA. (Tr., pp. 292-296).

Mr. Yonkosky explained how the WDA issues its own bonds in the open bond market. He explained that the WDA has to issue a financing document, called an official statement, which must list all of the entities to which the WDA has loaned money and to what extent, if any, these entities are behind in their repayment to the WDA. He opined that disclosure of several communities which are delinquent, or disclosure of large delinquencies, would lower WDA's bond rating and jeopardize the WDA's ability to issue its bonds at an interest rate favorable to the WDA's stated purpose of providing low interest loans. (Tr., pp. 296-301).

Mr. Yonkosky stated that the proposed WDA loan would replace the Applicant's high rate interim financing. He opined that the longer it takes the Applicant to obtain low interest financing, the deeper the hole will become in which the Applicant now finds itself. He also sponsored WDA Exhibit No. 2, the Preliminary Official Statement for the WDA's next bond issuance, and WDA Exhibit No. 3, a schematic flow chart depicting the WDA's function in helping to finance utility projects. (Tr., pp. 302-204). He stated that the flow chart reflected WDA's financing agreement with the Applicant and was consistent with the requirements of Code §16-13A-1 et seq. (Tr., pp. 304-305). He opined that the Applicant must first pay all of its operation and maintenance expenses, as depicted in the flow chart, rather than setting aside a certain percentage of its gross revenues for debt service, and the Applicant's rates should be sufficient to cover all of its debt service. (Tr., pp. 305-307).

Mr. Yonkosky opined that, if the additional borrowing and the Applicant's proposed rates to cover such borrowing are not approved, the Applicant will default on the existing bonds already issued to the Applicant. (Tr., pp. 308-317). He stressed that it was imperative for the Applicant to receive its rate increase quickly. (Tr., pp. 319-320).

After the hearing, the parties filed briefs pursuant to Code §24-1-9(b).

DISCUSSION

Upon consideration of all of the above, the ALJ will approve the proposed completion bonds to be issued by the WDA in an amount not to exceed \$754,652, at an interest rate not to exceed 7-3/4%. The ALJ will approve rates sufficient to cover this additional indebtedness, with such rates designed so as to require all of the Applicant's customers to bear equally the burden of the increase, i.e. the sale for resale rate will be increased at the same rate of increase as the residential rate. The ALJ requested Commission Staff to prepare a Tariff Sheet and Cash Flow

Analysis reflecting the rates hereby approved, a copy of which is attached hereto as Appendix A.

There were many equities, and some inequities, which had to be weighed in reaching the recommended decision in this proceeding. Obviously, the first decision which had to be reached was whether to allow the borrowing of \$754,652 in completion bonds from the WDA. On the one hand, there is evidence that the District may have known of at least some of the so-called unforeseen changes in circumstance which resulted in the various change orders prior to its filing for a certificate of convenience and necessity for the project. (Testimony of Delane Randolph, Tr., pp. 219-220). Mr. Randolph mistakenly stated the project certificate already had been granted when these problems were discovered when, in fact, the certificate case was not filed until February 12, 1988. The Recommended Decision was entered on March 21, 1988, and became final on March 25, 1988, thereby granting the certificate. The ALJ is convinced that the Applicant did not follow the strict procedures required by Code §24-2-11 and §16-13A-1 et seq. and the Commission's various rules and regulations.

On the other hand, the Applicant did not enlarge the scope of the project, but merely exceeded the dollar amount approved for the project due to circumstances which changed apparently some time after the design phase of the project.

The cost overruns resulting from the change orders amounted to roughly 10% of the total cost of the project. While this is a substantial sum of money, the ALJ agrees with the Applicant's stated position that Staff presented no evidence which tends to show that any of the change orders were improper for any reason.

The ALJ is faced with the stark reality that the Applicant required over three-quarters of a million dollars more than anticipated to complete the project and, while the Applicant should have requested approval of the change orders during construction, it did not, but now, in retrospect, is requesting approval of borrowing authority to cover its financial obligation. The ALJ is of the opinion that it would now be irresponsible for him to further delay making the Applicant fiscally responsible to its creditors. However, the ALJ regrets that he cannot make the Applicant more fiscally responsive to its customers.

The ALJ is of the opinion he has the authority to consider both the additional borrowing and the setting of rates to cover this debt in the instant case. Commission Staff contended that it did not have enough time within which to review the revenue requirements to cover the additional borrowing since these amounts were not substantiated until only a few days prior to hearing, by the filing of an amended Rule 42 Exhibit by the Applicant (with a second amended Rule 42 Exhibit filed at the hearing). The ALJ agrees that Staff did not have ample time within which to review these documents and make an informed recommendation to the ALJ. However, the ALJ has had an opportunity to review these documents as well as consider the testimony presented at the hearing. The fact that the ALJ does not have the benefit of a full Staff review of these documents does

not relieve the ALJ of his duty to consider the realities of this case, including the amended Rule 42 Exhibits.

While Tariff Rule 42 does require the Applicant to submit with its application its "schedules and exhibits upon which it intends to rely in support of its application or filing", the ALJ is of the opinion this language does not work to prevent amendments to the schedules and exhibits up to and including the day of the hearing. Certainly, without explanations, substantiations and amended Rule 42 filings, the ALJ could not justify granting the Applicant more than it had originally asked for or more than Staff has recommended. However, the ALJ is of the opinion that the Applicant has substantiated and clarified its request sufficiently.

The ALJ can find no reason to grant Staff's Motion to Suppress the amended Rule 42 exhibits since they constitute relevant, material and competent evidence. The preparer of these documents was made available for cross-examination. The documents were authenticated and verified by their preparer. The ALJ is of the opinion that, while the timing in the presentation of these documents by the Applicant was atrocious, the documents themselves and their content constituted no bona fide element of surprise to Commission Staff.

It is apparent from reading the application in the instant proceeding that the Applicant was seeking approval to borrow up to \$800,000 in completion bonds. One could also conclude, from the application, that the Applicant expected future customer growth to cover this additional indebtedness. On pages 3-4 of the application, Paragraph 9, the following language can be found:

9. As a result of additional construction costs, and revenue shortfalls, the Jefferson County Public Service District proposes, at the termination of the construction project, that completion bonds be issued in the amount of approximately Eight Hundred Thousand Dollars (\$800,000). A portion of the proceeds of the completion bonds would be used to repay the Blakely Bank line of credit. The balance would be used to pay such remaining construction costs. The Jefferson County Public Service District believes that with sufficient growth in the number of customers, the completion bonds can be serviced by the additional revenues that customer growth would generate. In the event that the growth is sufficient, no further rate increase would be required.

The key sentence here is the last sentence of the paragraph; the phrase "in the event" certainly leaves open the possible interpretation that additional customer growth will not be sufficient to cover this additional indebtedness.

The ALJ is of the opinion that there has been no such customer growth, nor can the ALJ speculate that there will be any such customer growth. Hence, the ALJ must approve rates which will cover the additional indebtedness without growth occurring. In fact, if the ALJ desired to engage in speculation, the ALJ would speculate that these extremely high rates which must be approved herein will be a huge impediment to any real

net growth in either the number of customers or their water usage upon which their sewer bills are based. Also, the ALJ would speculate that, as the Applicant ventures into this as yet uncharted territory, the Applicant may also be burning the bridges which it must cross if it is to eventually escape from this land of sewer rates in excess of \$10 per 1,000 gallons.

Once the ALJ has decided to allow the borrowing, and rates to support the borrowing, there is really no dispute between Commission Staff and the Applicant pertaining to rates, since Staff has accepted the Applicant's revenue requirements for operation and maintenance as proper. The ALJ has given every due consideration and every possible weight to the many impassioned, yet logical, pleas of the numerous customers and public witnesses who have spoken with eloquence, commitment, resolve, sincerity and dedication against the proposed rate increase. The ALJ also recognizes that there must have been many others who would have been in attendance at the hearing to emphatically voice their opposition to the rate hike, but were obligated to be elsewhere.

The ALJ is of the opinion that the rates are already too high, with respect to their affordability. However, the ALJ is of the opinion that, with respect to legality and with respect to principles of utility regulation, he must base his decision upon the cost to the utility in this day and time to provide the needed service. The evidence is that it costs quite a lot in this day and time to provide sewer service to the unincorporated areas of Jefferson County. The ALJ cannot ignore the Applicant's responsibility to its creditors. Had more grant money been available, had the customers lived in a more densely populated area, had the limestone been located farther beneath the surface, had all the possible circumstances been clearly foreseen, or had there been a tremendous number of additional customers located within the Applicant's area of service, a different result may have been possible. But a different result is not possible, given the blunt reality of the situation.

The only two issues left to decide, then, are whether to place all of the increase upon the Applicant's residential customers, and whether to continue to require the Applicant to set aside 47% of its revenues for debt service as ordered by the Commission's Order Authorizing Borrowing, entered March 29, 1991, in Case No. 91-197-PSD-PC.

With respect to whether the residential customers should shoulder all of the rate increase needed to cover the Applicant's revenue requirements, the ALJ agrees with Staff that, if any increase is needed, it would be discriminatory to design rates which do not require all classes of customers to share in the burden of the additional requirements. The Applicant argues that, since its sale for resale customer, Walnut Grove, only pays half of its monthly sewer bill and collection efforts would be futile, it is senseless to raise its rates, thereby giving the Applicant only an illusion of a rate increase. However, the ALJ is not persuaded by this argument.

The Applicant's manager, Mr. Stine, testified that, on the one hand, Walnut Grove only attempted to pay about one-half of its bills each month. On the other hand, he opined that Walnut Grove experienced what he termed

a 100% infiltration problem with its system, i.e. Walnut Grove's customers' water bills reflect a usage equal to about one-half the amount of sewage received by the Applicant, per the Applicant's flow meter. (Tr., pp. 146-147). It is possible there could be some correlation here. It appears to the ALJ that Walnut Grove is charging its customers according to their respective water usage, but is required to pay the Applicant based upon the flow meter readings. Has anyone investigated Walnut Grove's customers to see if downspouts are connected to its sewer system? The ALJ is of the opinion that, by allowing the additional borrowing, but structuring the rates so as to increase Walnut Grove's resale rate in a like percentage of increase as the Applicant's residential customers, this will act as an incentive to the Applicant to become more aggressive in its collection efforts. The ALJ also is of the opinion that the Applicant should investigate Walnut Grove to see if it is in compliance with inflow and infiltration requirements and, if not, whether this might be corrected. It is noted that, in the Final Order entered March 19, 1990, in Case No. 89-744-S-PC, Walnut Grove Utilities, in Paragraph 7 of the Agreement thereby approved, Walnut Grove is required to deliver sewage to the Applicant that complies in all respects with the Applicant's sewer use ordinance, thereby granting the Applicant authority to test such sewage. The ALJ is of the opinion this provision of said Agreement includes testing for inflow and infiltration.

In any event, the ALJ will not discriminate among the Applicant's classes of customers, but will approve rates which require both the Applicant's residential and commercial customers, as well as its sale for resale customers, to share equally the percentage of rate increase in this proceeding. Related thereto, the ALJ will require Walnut Grove, by receipt of this Recommended Decision, to file a Tariff Rule 30-B rate proceeding in order to have its rates adjusted to reflect the new sale for resale rate hereby approved. Likewise, the ALJ will require the Applicant to engage in such testing, or require Walnut Grove to engage in such testing, as will determine whether Walnut Grove's system has a reasonably correctable inflow and infiltration problem and, if so, to seek correction thereof by Walnut Grove.

The final issue, then, is whether to continue the setting aside of 47% of revenues for debt service. The ALJ is of the opinion that this measure is no longer either appropriate or necessary. The circumstances which the Commission addressed in Case No. 91-197-PSD-PC no longer exist. First of all, the additional operating and maintenance expenses, coupled with the additional debt service, render the 47% figure obsolete. Secondly, the Commission was addressing a critical, nevertheless temporary problem. The instant case is a permanent, or at least long-term, solution. To saddle the Applicant with this requirement in the instant case would not be reasonable or prudent. Granted, unless the Applicant can become more successful in collecting its bills and enforcing connections, and unless there is a substantial net growth in the number of the Applicant's customers, the rates herein approved are going to require excellent management by the Applicant in order for it to stay afloat. But the ALJ is not persuaded that he must continue the requirement to set aside a percentage of the Applicant's revenues for debt service requirements. Irrespective of the arguments put forward by the Applicant and the WDA, since the Commission concluded in Case No. 91-197-PSD-PC that it had

authority to impose this measure, the ALJ is likewise convinced that he would impose the measure if required. However, the ALJ just does not believe the facts of the case require this measure as a permanent solution.

Therefore, the ALJ will grant approval to the Applicant to borrow, in the form of completion bonds issued by the WDA, an amount not to exceed \$754,652 at an annual interest rate not to exceed 7-3/4%. The ALJ will approve rates sufficient to cover this additional indebtedness, as set forth in the Appendix A attached hereto. The ALJ will order that such rates require the sale for resale customer to bear its fair share of the burden of these rates. Finally, the ALJ will not continue to require the Applicant to set aside 47% of its revenues for debt service.

FINDINGS OF FACT

1. Jefferson County Public Service District filed an application with the Commission pursuant to Rule 42-A of the Commission's Tariff Rules, seeking an increase in its sewer rates. (Tr., Application filed March 11, 1991).

2. The Applicant's original Rule 42 Exhibit, filed with the application, requested a 20% increase in residential rates, to \$8.94 per 1,000 gallons. (See, Application filed March 11, 1991).

3. The Applicant's original application included a request for approval to borrow an additional \$800,000, but its original Rule 42 Exhibit stated revenue requirements and rates which did not provide coverage for this additional debt. (See, Application filed March 11, 1991; Testimony of Edward Lee Cole, Tr., p. 193).

4. The Applicant believed it could amend its Rule 42 Exhibit and, based upon this belief, filed two amended Rule 42 Exhibits which did provide rates to cover the debt requirement of the additional borrowing. (Applicant's Exh. Nos. 8 and 9; Testimony of Edward Lee Cole, Tr., pp. 194-197).

5. The Applicant's proposed rates would increase the residential rates from \$7.45 per 1,000 gallons to \$10.85 per 1,000 gallons, or a 45% increase, but would keep the sale for resale rates constant at \$4.34 per 1,000 gallons. (Testimony of Edward Lee Cole, Tr., p. 199).

6. Staff has recommended a residential rate increase of 26%, to \$9.39 per 1,000 gallons, and a corresponding 26% increase for the sale for resale rate, to \$5.48. (See, Staff Exh. Nos. 1 and 2; Testimony of Sterling E. Bare, Tr., pp. 235-238).

7. Staff's recommended rates do not allow debt service coverage for the proposed additional borrowing. (Testimony of Sterling E. Bare, Tr., pp. 279-240).

8. The attached rates, computed by Staff at the request of the ALJ, will provide a debt service coverage of 115.32% for the existing debt and

the completion bonds and will provide a \$12,150 cash flow surplus. (See, Appendix A).

9. The attached rates reflect a residential rate of \$10.79 per 1,000 gallons, a minimum rate of \$26.97 based upon 2,500 gallons, an unmetered rate of \$8.55 based upon 4,500 gallons, and a sale for resale rate of \$6.29 per 1,000 gallons, all of which are a 44% increase over existing rates. (See, Appendix A).

10. The Applicant is seeking approval to borrow \$754,652 in completion bonds to be issued by the WDA, at an annual percentage rate of 7-3/4%. (See, Applicant's Exh. No. 5; Testimony of William B. Stine, Jr., Tr., pp. 126-134).

11. The Applicant experienced cost overruns in the completion of its sewer system, in the amount of \$779,409, or about 11% above the original estimate of \$1,030,156. (Testimony of William B. Stine, Jr., Tr., p. 188).

12. The Commission issued a certificate of convenience and necessity in Case No. 87-436-S-CN, which approved total project expenditures not to exceed \$7,223,482, and borrowing not to exceed \$2,198,573. (See, Case No. 87-436-S-CN, Recommended Decision entered March 21, 1988, and Commission Order entered March 25, 1988).

13. The Commission's Order Authorizing Borrowing, entered on March 29, 1991, in Case No. 91-197-PSD-PC and Case No. 91-163-PSD-42A, among other things, imposed a requirement upon the Applicant to set aside 47% of its revenue for debt service. (See, Order Authorizing Borrowing entered on March 29, 1991, in Case Nos. 91-197-PSD-PC and 91-163-PSD-42A).

14. The Applicant and the Intervenor, WDA, seek to have the mandate lifted which requires the Applicant to set aside 47% of revenues for debt service, while Commission Staff has recommended its continuance. (See, Testimony of Bernie Yonkosky, Tr., pp. 305-307; Briefs of Staff, WDA and Applicant, filed August 27, 1991 and September 3, 1991, respectively).

15. A total of 21 Protestants, who are customers of the Applicant, testified at the hearing in opposition to the proposed rate increase; additionally, petitions were presented which indicate that hundreds of other customers are opposed to any rate increase for the Applicant. (See, Testimony of William N. Wilt, James Morrison, James Watson, Margaret Byers, Boteler Link, Jr., Charles Williams, Gary Sager, Jr., Fred Kratz, Charles Eckstine, Robert Sherman, Thomas H. Sims, Cecil Dawson, Georgeanna Wilson, Johnny Propst, Brian Bellman, Michael Lane Lewis, Phyllis Farmer, Fred Lehman, Sherman W. Diamond, Carol Bradshaw and Eunice Lloyd; Sims Exh. No. 1).

16. The Applicant presented evidence of the reasonableness of each change order, while no evidence was offered by any party which questioned the reasonableness of the change orders. (See, Testimony of William B. Stine, Jr., Tr., pp. 94-114, 141-142; Applicant's Exh. No. 1).

17. The Applicant presented evidence of the amounts owed various banks, contractors, engineers, and Charles Town, to justify the amount needed to be borrowed in order for the Applicant to become fiscally responsible. (Testimony of William B. Stine, Jr., Tr., pp. 114-134; Applicant's Exh. No. 5).

18. The Applicant's sale for resale customer, Walnut Grove, has 100% infiltration of its system, based upon water usage and sewer flow meter comparisons, and only pays the Applicant approximately one-half of its sewer bill each month. (Testimony of William B. Stine, Jr., Tr., pp. 146-147).

19. The Applicant presently has about 818 customers and experiences an approximate \$6,000 revenue shortfall each month. (Testimony of William B. Stine, Jr., Tr., pp. 158-161; Edward Lee Cole, Tr., p. 198; Applicant's Exh. No. 4).

20. The design phase of the project was commenced in about 1984, while the Applicant's engineer was apprised of at least some of the so-called unforeseen circumstance which resulted in the various change orders as early as December 1987, which was prior to the issuance of the certificate of convenience and necessity. (See, Testimony of Delane Randolph, Tr., pp. 218-220; Case No. 87-436-S-CN, Recommended Decision entered March 21, 1988 and Commission Order entered March 25, 1988).

21. While the original application did not substantiate a rate increase equivalent to what the Applicant now seeks, the Applicant did give notice to its customers that a rate increase of up to 48% was being sought. (See, Testimony of Sterling E. Bare, Tr., pp. 251-252; Certificate of Publication, Spirit of Jefferson Advocate, published May 30, 1991 and June 6, 1991, filed on June 14, 1991).

22. The Applicant and Charles Town Sewer will become delinquent in their payments to the WDA, unless the issuance of completion bonds to the Applicant is approved, thereby harming the Applicant, Charles Town Sewer, and the WDA. (Testimony of Bernie Yonkosky, Tr., pp. 292-301, 308-320).

23. The Agreement entered into between Walnut Grove and the Applicant on March 7, 1990, and approved by the Commission, authorizes the Applicant to engage in testing to determine whether Walnut Grove is delivering proper sewage into the Applicant's lines. (See, Final Order, with Attachment, entered March 19, 1990, in Case No. 89-744-S-PC, Walnut Grove Utilities, Inc.).

24. The Applicant has experienced some difficulty in collecting arrearages and in forcing all its potential customers to connect to its system. (See, Testimony of Boteler Link, Jr., Sherman W. Diamond; Eunice Lloyd; Fred Lehman; and William B. Stine, Jr.).

CONCLUSIONS OF LAW

1. Since the Applicant is seeking approval to borrow \$754,652 in completion bonds to be issued by the WDA, at an annual percentage rate of

7-3/4%; since the Applicant experienced cost overruns in the completion of its sewer system, in the amount of \$779,409, or about 11% above the original estimate of \$1,030,156; since the Applicant presented evidence of the reasonableness of each change order, while no evidence was offered by any party which questioned the reasonableness of the change orders; since the Applicant presented evidence of the amounts owed various banks, contractors, engineers, and Charles Town, to justify the amount needed to be borrowed in order for the Applicant to become fiscally responsible; and since the Applicant presently has about 818 customers and experiences an approximate \$6,000 revenue shortfall each month, it is reasonable to approve the Applicant's borrowing of \$754,652 in completion bonds, to be issued by the WDA at an annual interest rate not to exceed 7-3/4%.

2. Since the Applicant's original application included a request for approval to borrow an additional \$800,000, although its original Rule 42 Exhibit stated revenue requirements and rates which did not provide coverage for this additional debt; since the Applicant believed it could amend its Rule 42 Exhibit and, based upon this belief, filed two amended Rule 42 Exhibits which did provide rates to cover the debt requirement of the additional borrowing; since the Applicant's proposed rates would increase the residential rates from \$7.45 per 1,000 gallons to \$10.85 per 1,000 gallons, or a 45% increase, but would keep the sale for resale rates constant at \$4.34 per 1,000 gallons; since Staff's recommended rates do not allow debt service coverage for the proposed additional borrowing; since the Applicant presently has about 818 customers and experiences an approximate \$6,000 revenue shortfall each month; since, even though the original application did not substantiate a rate increase equivalent to what the Applicant now seeks, the Applicant did give notice to its customers that a rate increase of up to 48% was being sought; and since the ALJ is going to approve the borrowing of an additional \$754,652, it is reasonable to approve rates which will allow a debt service coverage of at least 115% for the additional borrowing, as well as proper coverage for existing debts and for operation and maintenance expenses.

3. Since the attached rates set forth in Appendix A will provide a debt service coverage of 115.32% for the existing debt and the completion bonds and will provide a \$12,150 cash flow surplus, and since these rates will increase the rates for all classes of customers by the same 44% rate of increase, it is reasonable to approve the rates set forth in Appendix A.

4. Since Staff has recommended that rates for all classes of customers should be increased by an equal percentage increase, it is reasonable to design rates which would require the Applicant's sale for resale customer to share equally in the rate increase hereby granted.

5. Since the Applicant's only sale for resale customer, Walnut Grove Utilities, Inc., will be adversely affected by the rates approved hereby, it is reasonable to require Walnut Grove, by service hereof, to file a Tariff Rule 30-B rate proceeding.

6. Since the Commission's Order Authorizing Borrowing, entered on March 29, 1991, in Case No. 91-197-PSD-PC and Case No. 91-163-PSD-42A, among other things, imposed a requirement upon the Applicant to set aside

47% of its revenue for debt service, and since the Applicant and the Intervenor, WDA, seek to have the 47% requirement for debt service lifted, while Commission Staff has recommended its continuance, it is reasonable to discontinue the requirement that the Applicant set aside 47% of its revenues for debt service.

7. Since the Agreement entered into between Walnut Grove and the Applicant on March 7, 1990, and approved by the Commission, authorizes the Applicant to engage in testing to determine whether Walnut Grove is delivering proper sewage into the Applicant's lines, it is reasonable to require the Applicant to investigate, or for the Applicant to require Walnut Grove to investigate, pursuant to said Agreement, whether there exists a reasonably correctable inflow and infiltration problem with Walnut Grove's sewer system and, if so, to require the Applicant to take whatever steps are necessary to require Walnut Grove to make such corrections.

8. Since the Applicant has experienced some difficulty in collecting arrearages and in forcing all its potential customers to connect to its system, it is reasonable to require the Applicant to continue to make all reasonable efforts, including instituting lawsuits, to collect all delinquent bills and enforce connections.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on March 11, 1991, by the Jefferson County Public Service District, pursuant to Rule 42-A of the Commission's Tariff Rules, seeking an increase in its sewer rates and charges, be, and the same hereby is, approved, to the extent set forth in Appendix A attached hereto, which rates are a 44% increase for residential, commercial and sale for resale customers. The Applicant shall file with the Commission a proper tariff in accordance with Appendix A, attached hereto, setting forth the rates and charges approved herein within ten (10) days of this becoming the final order of the Commission.

IT IS FURTHER ORDERED that the Applicant hereby is authorized to borrow an amount not to exceed \$754,652 in completion bonds to be issued by the WDA at an annual interest rate not to exceed 7-3/4%.

IT IS FURTHER ORDERED that the Applicant no longer is required to set aside 47% of its revenue for debt service, as required by the Commission's Order in Case Nos. 91-163-PSD-42A and 91-197-PSD-PC, entered March 29, 1991.

IT IS FURTHER ORDERED that, by service upon Walnut Grove Utilities, Inc., of this Recommended Decision, said Walnut Grove shall file a Tariff Rule 30-B rate proceeding with the Commission within thirty (30) days of this becoming the final order of the Commission, thereby seeking rate relief in order to pass on to its customers the increased sale for resale rate approved herein.

IT IS FURTHER ORDERED that the Applicant shall investigate, or require Walnut Grove to investigate, Walnut Grove's sewer system to determine whether reasonably correctable inflow and infiltration problems exist with regard to Walnut Grove's sewer lines. If such problems exist, the Applicant shall take all appropriate actions to insure that Walnut Grove makes such corrections to its system within six (6) months of this becoming the Commission's final order. By service hereof, Walnut Grove is given notice that it shall fully cooperate in this effort to eliminate inflow and infiltration from its system.

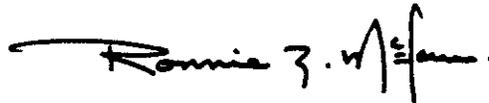
IT IS FURTHER ORDERED that the Applicant shall take and continue to take all necessary enforcement measures, including lawsuits, in order to maximize collections of delinquent accounts and in order to maximize connections to its sewer system.

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 and upon Walnut Grove Utilities, Inc., 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.



Ronnie Z. McCann
Administrative Law Judge

RZM:dfs

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 91-163-PSD-42A

STAFF RECOMMENDED RATES

APPLICABILITY

Applicable within territory served.

AVAILABILITY

Available for residential, commercial, resale and industrial service.

RATE

\$10.79 per thousand gallons of metered water usage.

MINIMUM CHARGE

No bill will be rendered for less than \$26.97 per month.

UNMETERED CHARGE

\$48.55 per month.

RESALE RATE

\$6.29 per thousand gallons of sewage metered.

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

After completion of construction adjacent to customer's property -
\$250.00

WATER DISCONNECT - RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged.

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

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 91-163-PSD-42A

CASH FLOW ANALYSIS
YEAR ENDED JUNE 30, 1990

	<u>Pro forma</u> \$
Available Cash:	
Operating Revenues	581,186
Other Income	
Total Available Cash	<u>581,186</u>
Cash Requirements:	
Operating Expenses	302,396
Other Taxes	<u>15,205</u>
Total Cash Requirements Before Debt Service	<u>317,601</u>
Cash Available for Debt Service (A)	<u>263,585</u>
Debt Service Requirements:	
Interest - Original Bonds	153,276
Interest - Completion Bonds	56,476
Bond Retirement - Original Bonds	15,194
Bond Retirement - Completion Bonds	<u>3,631</u>
Subtotal (B)	228,577
Bond Reserve Account	22,858
Replacement Account	
Total Debt Service Requirements	<u>251,435</u>
Surplus	<u>12,150</u>
Percent Coverage (A / B)	<u>115.32%</u>

1

2

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 10th day of November, 1993, the Authority received the Jefferson County Public Service District Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), issued in the principal amount of \$971,000, as a single, fully registered Bond, numbered AR-1 and dated November 10, 1993 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of \$971,000, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

WITNESS our respective signatures on this 10th day of
November, 1993.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By Stanley E. Zomers
Chairman

10/26/93
JSRFJ.E2
45026/90001



JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Jefferson County Public Service District Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), in the principal amount of \$971,000, dated November 10, 1993 (the "Bonds"), executed by the Chairman and Secretary 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 adopted by the Issuer on November 5, 1993 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement dated September 24, 1993, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the 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 \$971,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 10th day of November, 1993.

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By Stanley E. Zombers
Its Chairman

10/29/93
JSRFJ.F2
45026/90001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1993 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$971,000

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 NINE HUNDRED SEVENTY-ONE THOUSAND DOLLARS (\$971,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated September 24, 1993.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new public sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The Project and any future improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes

of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on November 5, 1993, and a Supplemental Resolution duly adopted by the Issuer on November 5, 1993 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED MAY 5, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,703,069 (THE "SERIES 1988 A BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED MAY 5, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$425,767 (THE "SERIES 1988 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1988 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1993 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 1993 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1988 A 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; provided however, that so long as there exists in the Series 1993 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts

established for the Series 1988 A Bonds, the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest, if any, 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 and attested by its Secretary, and has caused this Bond to be dated November 10, 1993.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 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: November 10, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Jefferson County PSD				
DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1993	-	-	-	-
3/01/1994	12,138.00	-	-	12,138.00
6/01/1994	12,138.00	-	-	12,138.00
9/01/1994	12,138.00	-	-	12,138.00
12/01/1994	12,138.00	-	-	12,138.00
3/01/1995	12,138.00	-	-	12,138.00
6/01/1995	12,138.00	-	-	12,138.00
9/01/1995	12,138.00	-	-	12,138.00
12/01/1995	12,138.00	-	-	12,138.00
3/01/1996	12,138.00	-	-	12,138.00
6/01/1996	12,138.00	-	-	12,138.00
9/01/1996	12,138.00	-	-	12,138.00
12/01/1996	12,138.00	-	-	12,138.00
3/01/1997	12,138.00	-	-	12,138.00
6/01/1997	12,138.00	-	-	12,138.00
9/01/1997	12,138.00	-	-	12,138.00
12/01/1997	12,138.00	-	-	12,138.00
3/01/1998	12,138.00	-	-	12,138.00
6/01/1998	12,138.00	-	-	12,138.00
9/01/1998	12,138.00	-	-	12,138.00
12/01/1998	12,138.00	-	-	12,138.00
3/01/1999	12,138.00	-	-	12,138.00
6/01/1999	12,138.00	-	-	12,138.00
9/01/1999	12,138.00	-	-	12,138.00
12/01/1999	12,138.00	-	-	12,138.00
3/01/2000	12,138.00	-	-	12,138.00
6/01/2000	12,138.00	-	-	12,138.00
9/01/2000	12,138.00	-	-	12,138.00
12/01/2000	12,138.00	-	-	12,138.00
3/01/2001	12,138.00	-	-	12,138.00
6/01/2001	12,138.00	-	-	12,138.00
9/01/2001	12,138.00	-	-	12,138.00
12/01/2001	12,138.00	-	-	12,138.00
3/01/2002	12,138.00	-	-	12,138.00
6/01/2002	12,138.00	-	-	12,138.00
9/01/2002	12,138.00	-	-	12,138.00
12/01/2002	12,138.00	-	-	12,138.00
3/01/2003	12,138.00	-	-	12,138.00
6/01/2003	12,138.00	-	-	12,138.00
9/01/2003	12,138.00	-	-	12,138.00
12/01/2003	12,138.00	-	-	12,138.00
3/01/2004	12,137.00	-	-	12,137.00
6/01/2004	12,137.00	-	-	12,137.00
9/01/2004	12,137.00	-	-	12,137.00
12/01/2004	12,137.00	-	-	12,137.00
3/01/2005	12,137.00	-	-	12,137.00
6/01/2005	12,137.00	-	-	12,137.00
9/01/2005	12,137.00	-	-	12,137.00
12/01/2005	12,137.00	-	-	12,137.00
3/01/2006	12,137.00	-	-	12,137.00

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = NEWFILE
9/10/1993 5:04 PM

Jefferson County PSD

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/2006	12,137.00	-	-	12,137.00
9/01/2006	12,137.00	-	-	12,137.00
12/01/2006	12,137.00	-	-	12,137.00
3/01/2007	12,137.00	-	-	12,137.00
6/01/2007	12,137.00	-	-	12,137.00
9/01/2007	12,137.00	-	-	12,137.00
12/01/2007	12,137.00	-	-	12,137.00
3/01/2008	12,137.00	-	-	12,137.00
6/01/2008	12,137.00	-	-	12,137.00
9/01/2008	12,137.00	-	-	12,137.00
12/01/2008	12,137.00	-	-	12,137.00
3/01/2009	12,137.00	-	-	12,137.00
6/01/2009	12,137.00	-	-	12,137.00
9/01/2009	12,137.00	-	-	12,137.00
12/01/2009	12,137.00	-	-	12,137.00
3/01/2010	12,137.00	-	-	12,137.00
6/01/2010	12,137.00	-	-	12,137.00
9/01/2010	12,137.00	-	-	12,137.00
12/01/2010	12,137.00	-	-	12,137.00
3/01/2011	12,137.00	-	-	12,137.00
6/01/2011	12,137.00	-	-	12,137.00
9/01/2011	12,137.00	-	-	12,137.00
12/01/2011	12,137.00	-	-	12,137.00
3/01/2012	12,137.00	-	-	12,137.00
6/01/2012	12,137.00	-	-	12,137.00
9/01/2012	12,137.00	-	-	12,137.00
12/01/2012	12,137.00	-	-	12,137.00
3/01/2013	12,137.00	-	-	12,137.00
6/01/2013	12,137.00	-	-	12,137.00
9/01/2013	12,137.00	-	-	12,137.00
12/01/2013	12,137.00	-	-	12,137.00
TOTAL	971,000.00	-	-	971,000.00

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = NEWFILE
9/10/1993 5:04 PM

YIELD STATISTICS

Accrued Interest from 12/01/1993 to 12/01/1993...	-
Average Life.....	10.125 YEARS
Bond Years.....	9,831.18
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	-
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	-

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

November 10, 1993

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25-114-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, SUITE 301
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

WRITER'S DIRECT DIAL NUMBER

Jefferson County Public Service District
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

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

West Virginia Division of
Environmental Protection
617 Broad Street
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Jefferson County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$971,000 Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 24, 1993, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, with interest payable at the rate of 0% per annum, and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 in each of the years 1994 through 2013, inclusive, commencing March 1, 1994, all as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of completion of acquisition and construction of certain new public sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain issuance and related costs in connection therewith.

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We have also examined the applicable provisions of the Act, the bond resolution duly adopted by the Issuer on November 5, 1993, as supplemented by a supplemental resolution duly adopted by the Issuer on November 5, 1993 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public service district and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment and in all respects, with the Issuer's Sewer Revenue Bonds, Series 1988 A, dated May 5, 1988, issued in the original principal amount of \$1,703,069, and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original principal amount of \$425,767, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The interest on the Bonds, if any, is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject

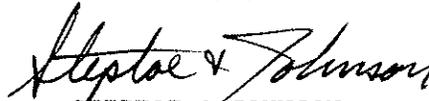
to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

We have examined the executed and authenticated 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

11/05/93
JSRFJ.G3
45026/90001

LAW OFFICES
PETER L. CHAKMAKIAN, L.C.
118 NORTH GEORGE STREET
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CHARLES TOWN, WEST VIRGINIA 25414

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AREA CODE 304

November 10, 1993

Jefferson County Public Service District
Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program)

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

Stephoe & Johnson
P.O. Box 2190
Clarksburg, West Virginia 26301

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, West Virginia 25301

Ladies and 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 opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated September 24, 1993, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), a bond resolution duly adopted by the Issuer on November 5, 1993, as supplemented by a supplemental resolution duly adopted by the Issuer on November 5, 1993, (collectively, the "Bond Legislation") and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of the County Commission of Jefferson County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as set forth in the Bond Legislation and Loan Agreement.

I am of the opinion that:

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

West Virginia Water Development Authority, et al.
November 10, 1993
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2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

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

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement, document, or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the County Commission of Jefferson County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered September 24, 1993, in Case No. 93-0464-PSD-PC, approving and consenting to the issuance of the Bonds has expired prior to the date hereof.

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November 10, 1993
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7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

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

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

Very truly yours,



Peter L. Chakmakian
Counsel to the
Jefferson County Public Service District

PLC:mrj

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

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 \$971,000 Jefferson County Public Service District Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program) (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 duly adopted November 5, 1993, and a Supplemental Resolution of the Issuer duly adopted November 5, 1993 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of 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, the acquisition and construction of the Project, the operation of the System, the 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 and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the 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 among the Issuer, the Authority and the DEP. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There is outstanding an obligation of the Issuer which will rank on parity with the Bonds as to liens, pledge and source of and security for payment and in all respects, being the Sewer Revenue Bonds, Series 1988 A, dated May 5, 1988, issued in the original aggregate principal amount of \$1,703,069 (the "Series 1988 A Bonds"). There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Bonds as to liens, pledge and source of and security for payment and in all respects, being the Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988, issued in the original aggregate principal amount of \$425,767 (the "Series 1988 B Bonds"). The Series 1988 A Bonds and the Series 1988 B Bonds are herein collectively referred to as the "Prior Bonds." The Issuer is not in default under the terms of the Prior Bonds or the Prior Resolution and has complied with all provisions thereof with respect to the issuance of parity bonds. All payments into the funds and accounts provided for in the Prior Resolution on account of the Prior Bonds and any other payments provided for in the Prior Resolution have been made in full as required to the date of delivery of the Bonds. Other than the Prior Bonds, there are no outstanding obligations of the Issuer which

will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

On the date hereof, (1) proceeds of the Bonds in the amount of \$476,152.46 will be paid to Old National Bank, Martinsburg, West Virginia, to pay in full the principal of and interest on the Sewerage System Grant Anticipation Refunding Notes, Series 1991 (Jefferson County Public Service District Project), issued by The County Commission of Jefferson County to said Bank and (2) proceeds of the Bonds in the amount of \$188,192.70 will be paid to F & M Bank-Blakeley, Ranson, West Virginia, to pay in full the principal of and interest on a note of the Issuer issued to said Bank. The proceeds of both notes have been used to temporarily finance the costs of acquisition and construction of the Project. Upon receipt of such Bond proceeds, each said Bank will execute a release discharging all liens, pledges and encumbrances securing such notes.

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, altered, supplemented or changed in any way unless modification appears from later documents also listed below:

Orders of The County Commission of Jefferson County proposing the creation of and creating Jefferson County Public Service District and Affidavit of Publication.

Orders of The County Commission of Jefferson County appointing current members to the Public Service Board.

Oaths of Office of current members of the Public Service Board.

1988 Bond Resolution.

1988 Supplemental Resolution.

Bond Resolution.

Supplemental Resolution.

Rules of Procedure.

Affidavit of Publication of Notice of Borrowing.

Minutes of Current Year Organizational Meeting.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

Public Service Commission Orders entered September 24, 1991, October 25, 1991, January 31, 1992, September 24, 1993, and October 1, 1993.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Jefferson County Public Service District." The Issuer is a public service district and public corporation 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 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Carole A. Hall	January 1, 1988	December 1, 1993
Stanley E. Zombro	January 1, 1990	December 1, 1995
Thomas M. West	January 1, 1992	December 1, 1997

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1993 are as follows:

Chairman	-	Stanley E. Zombro
Secretary	-	Carole A. Hall
Treasurer	-	Thomas M. West

The duly appointed and acting counsel to Issuer is Peter L. Chakmakian, Esquire, 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 acquisition and 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 issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost. The Issuer shall deliver to the Authority evidence of a fidelity bond covering the person or persons who shall have access or control over the Issuer's funds.

10. 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 is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on January 31, 1992 (Case No. 91-163-PSD-42A), among other things, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The Issuer has also received the Final Order of the Public Service Commission of West Virginia entered on September 24, 1993 (Case No. 93-0464-PSD-PC), approving and consenting to the issuance of the Bonds. The time for appeal of both such Final Orders has expired prior to the date hereof.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, dated November 10, 1993, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received \$971,000 from the DEP and the Authority, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

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

15. 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 to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the

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

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

17. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

18. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

WITNESS our signatures and the official seal of JEFFERSON COUNTY PUBLIC SERVICE DISTRICT on this 10th day of November, 1993.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>Stanley E. Zombro</u>	Chairman
<u>Carol G. Hill</u>	Secretary
<u>Pete P. Chakmakian</u>	Counsel to Issuer

10/29/93
JSRFJ.J2
45026/90001

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

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 \$971,000 aggregate principal amount of Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), of the Issuer, dated November 10, 1993 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor or successor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as set forth in the Bond Resolution pursuant to which the Bonds are issued.

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 November 10, 1993, the date on which the 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 Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be

"arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds, if any, will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on November 10, 1993, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated September 24, 1993, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, for an aggregate purchase price of \$971,000 (100% of par). No accrued interest has been or will be paid on the Bonds.

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

8. Acquisition, construction and equipping of the Project has proceeded with due diligence to completion, and the Project was substantially completed in June, 1990. However, the Issuer did not have sufficient funds to pay costs of completing the Project. With the exception of proceeds deposited in the reserve account for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of completing the Project within one year.

9. A shortfall of approximately \$1,192,615 is due to cost overruns in the construction of the Project. The total cost of completing the Project (including all costs of issuance of the Bonds) is estimated at \$1,262,867. Sources and uses of funds for completing the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	\$ 971,000
EPA Grant	30,347
Community Partnership Grant	50,000
Jefferson County Commission Grant	<u>211,520</u>
Total Sources	<u>\$1,262,867</u>

USES

Completion of Acquisition and Construction of Project	\$1,192,615
Funded Reserve for the Bonds	48,552
Costs of Issuance	<u>21,700</u>
Total Uses	<u>\$1,262,867</u>

The amount of the costs of completion of acquisition and construction of the Project not expected to be paid from grant proceeds is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grants, 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 Bond Resolution pursuant to which the Bonds are issued, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (continued);
- (2) Renewal and Replacement Fund (continued);
- (3) Rebate Fund (continued);
- (4) Bond Construction Trust Fund;
- (5) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account (continued);
- (6) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account (continued); and

(7) Series 1993 A Bonds Sinking Fund, and within the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account.

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

(1) Bonds proceeds in the amount of \$48,552 will be deposited in the Series 1993 A Bonds Reserve Account.

(2) Bonds proceeds in the amount of \$394,954.67 will be paid to Old National Bank, Martinsburg, West Virginia, to pay in full the principal of and interest on the Sewerage System Grant Anticipation Refunding Notes, Series 1991 (Jefferson County Public Service District Project), issued by The County Commission of Jefferson County to said Bank for the purpose of temporarily financing a portion of the costs of acquisition and construction of the Project.

(3) Bonds proceeds in the amount of \$188,192.70 will be paid to F & M Bank-Blakeley, Ranson, West Virginia, to pay in full the principal of and interest on a note of the Issuer issued to said Bank for the purpose of temporarily financing a portion of the costs of acquisition and construction of the Project.

(4) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of the costs of completion of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

12. Moneys held in the Series 1993 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1993 A Bonds Sinking Fund and the Series 1993 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1993 A Bonds Sinking Fund and the Series 1993 A Bonds Reserve Account, there are no other funds or

accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire, directly or indirectly, securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1993 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1993 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest, if any, on the Bonds, and will not exceed 125% of average annual principal and interest, if any, on the Bonds. Amounts in the Series 1993 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1993 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

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

15. With the exception of the amount deposited in the Series 1993 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1993 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within one year from the date of issuance thereof.

16. The Series 1993 A Bonds Sinking Fund (other than the Series 1993 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1993 A Bonds Sinking Fund (other than the Series 1993 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of

the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1993 A Bonds Sinking Fund (other than the Series 1993 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1993 A Bonds Sinking Fund for payment of the principal of or interest, if any, on the Bonds (other than the Series 1993 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation.

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

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

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

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

21. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

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

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

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

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

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

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

28. The Issuer has either (a) funded the Series 1993 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1993 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1993 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1993 A Bonds Reserve Account and the Series 1993 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

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

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

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be 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, 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.

32. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

33. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined

by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

34. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

36. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

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

39. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

40. 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 Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 10th day of
November, 1993.

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

By Stanley E. Zombero
Its Chairman

11/02/93
JSRFJ.K2
45026/90001

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

ENGINEER'S CERTIFICATE

I, Mark W. Jeffries, Registered Professional Engineer, West Virginia License No. 11735, in Warrenton, Virginia, hereby certify as follows:

1. I have served as engineer for work relating to the completion of acquisition and construction of certain new public sewerage facilities (the "Project") of Jefferson County Public Service District (the "Issuer"), constructed primarily in Jefferson County, West Virginia, which completion of acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Issuer on November 5, 1993, and the Loan Agreement, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated September 24, 1993.

2. The Bonds are being issued for the purposes of paying a portion of the costs of completion of acquisition and construction of the Project, funding a reserve account for the Bonds, and paying costs of issuance of the Bonds and related costs.

3. I hereby certify, to the best of my knowledge and belief, that (i) the Project has been constructed substantially in accordance with the approved plans, specifications and designs prepared by Howard, Needles, Tammen and Bergendoff, the Issuer's previous engineer, or amendments thereto, and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and have approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) construction of the Project is complete, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of completion of acquisition and construction of the

Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final "Amended Schedule A-1 - Completion Bonds" for the Project.

WITNESS my signature and seal on this 10th day of November,



By Mark W. Jeffries
Mark W. Jeffries, P.E.
West Virginia License No. 11735

10/29/93
JSRFJ.L2
45026/90001

Amended Schedule A-1 Completion Bonds

Jefferson County Public Service District
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

A. Actual Cost of Project

	(ORIGINAL)	(ACTUAL)	COMPLETION BONDS
1. Construction	5,308,478	6,090,877	782,399
2. Technical Services	897,432	1,203,130	305,698
3. Legal and Fiscal	13,317	120,749	107,432
4. Administrative	64,684	241,799	177,115
5. Site and Other Lands	38,477	75,952	37,475
6. Step I/Step II Design	29,336	29,336	0
Other Loan Repayment	402,834	52,834	(350,000)
7. Interim Financing Costs	30,000	378,055	348,055
8. Contingency	245,598		(245,598)
9. Total of Lines 1-9	7,030,156	8,192,732	1,162,576

B. Original Project Financing

10. Federal Grants	4,949,550	4,979,897	30,347
11. State Grants		50,000	50,000
12. Other Grants		211,520	211,520
13. Any Other Source	89,500	59,461	(30,039)
14. Total of Lines 10-13	5,039,050	5,300,878	261,828
15. Amount Required to Complete Project (Line 9 less Line 14)	1,991,106	2,891,854	900,748

C. Cost of Financing

16. Capitalized Interest (construction period + 6 months)	127,730	127,730	0
17. Funded Reserve Account		48,552	48,552
18. Other Costs	10,000	31,700	21,700
19. Total Cost of Financing	137,730	207,982	70,252
20. Size of Bond Issue (Line 15 + Line 19)	2,128,836	3,099,836	971,000

1

2

November 10, 1993

**Jefferson County Public Service District
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)**

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

West Virginia Division of
Environmental Protection
617 Broad Street
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges as set forth and approved in the Final Order of the Public Service Commission of West Virginia, Case No. 91-163-PSD-42A, entered January 31, 1992, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Jefferson County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the Issuer's Sewer Revenue Bonds, Series 1988 A, and Sewer Revenue Bonds, Series 1988 B (collectively, the "Prior Bonds").

Very truly yours,

Frobenius, Conaway & Company P.C.

REGULAR TERM: (Board of Equalization and Review)

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

The session of the Board of Equalization and Review, continued and held at the Courthouse thereof on Tuesday, February 22, 1983, beginning at 1:30 o'clock P.M.

PRESENT: Garland H. Moore, Jr., President;
Charles B. Clendening, III; Henry M. Snyder, Jr.;
Gary L. Phalen; Robert D. Ott, Commissioners.

In re: PETITION BY 84 LUMBER COMPANY - BY ROBERT WILLINGHAM, AGENT FOR M. F. POER & CO. - NO CHANGE IN ASSESSMENT

Motion by Snyder, second by Phalen to inform Mr. Robert Willingham, Agent for M. F. Poer & Co., on behalf of 84 Lumber Company, that the Board determined that there be no change in assessment of the 4.139 Acres Shendo at this time. Motion carried.

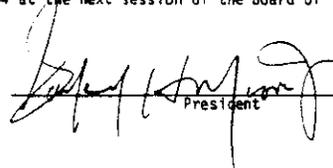
In re: PETITION BY GUILFORD TURNER - DECREASE IN ASSESSMENT MADE

Motion by Phalen, second by Ott to inform Mr. Guilford Turner that upon review of the Two Acres, Mt. Turner, that the 1983 assessed value of property be decreased to \$1,000.00. Motion carried.

In re: COMPUTER SOFTWARE BID AWARDED - AUTOMATION COUNSELORS, INC.

Motion by Snyder, second by Ott to authorize the President of the Commission to sign the contract with Automation Counselors, Inc. for the provision of electronic data processing software, as this proposal provides the Commission with the necessary equipment within an acceptable time span and at the lowest overall cost to the County. Motion carried.

Upon rising, the Board adjourned, to meet again on in 1984 at the next session of the Board of Equalization and Review.


President

REGULAR TERM:

FEBRUARY 24, 1983

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, March 24, 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: SURPLUS TAX REFUND

Motion by Ott, second by Snyder 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 of 1980 Parcel(s) of land assessed on the Tax Records of Jefferson County, WV, as 1 Lt. 1, Sec. 1, #10 Hidden River, Middleway District, Jefferson County, West Virginia; that at the time of said tax sale the taxes were charged to Glenn R. and Rosalie T. Logan; that at the time of said sale the taxes, interest and charges thereon were \$41.70; that as a result of said sale there is a surplus of \$1,258.30 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, WV, do pay to Glenn R. and Rosalie T. Logan the sum of \$1,258.30, that being the surplus paid to the Sheriff at said tax sale.

Enter this 24th day of February, 1983.

In re: BIDS RECEIVED - REPRODUCTION OF COUNTY CLERK'S RECORD BOOKS - HULTMAN AND AUTOMATION INDUSTRIES, INC. (VITRO)

Motion by Phalen, second by Snyder to accept for review and comparison the following bids for the reproduction of record books in the County Clerk's Office. Motion carried.

Hultman - 31,016 pages @ \$.33 per page = \$10,235.00

Vitro - 1) Microfilm, electrostatic prints, binding - \$.223

2) Binders - \$105.00 Each

3) Director 18" X 24" Electrostatic Prints from Oversize Plats = \$1.25 Each

In re: PRE-AUTHORIZATION OF CHECKS FOR CRUISERS, UPON ARRIVAL

Upon request of the Sheriff, motion by Snyder, second by Clendening to authorize the President of the Commission to sign a check for the purchase of two Sheriff's Department cruisers (previously approved), upon their arrival. Motion carried.

Motion by Phalen, second by Clendenning to adopt the following Order and to advertise for a public hearing scheduled for Thursday, March 31, 1983 at 7:00 P.M. in the County Courtroom for the purpose of establishing a Jefferson County Public Service District. Motion carried.

ORDER

The County Commission of Jefferson County, West Virginia, is of the opinion that in order to preserve the public health, comfort and convenience of the general public of Jefferson County, West Virginia, do hereby propose the creation of a public service district for the purpose of providing sewage service for the general public within Jefferson County, West Virginia, as authorized by Chapter 16, Article 13A of the West Virginia Code, as last amended, to be known as the Jefferson County Public Service District.

That the territory to be embraced by the proposed District shall be 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 municipality shall adopt a resolution consenting to be included within the proposed public sewer district, and that area covered by the existing public service district of Harpers Ferry-Bolivar Public Service District presently authorized to operate sewage service in Jefferson County; provided, however, that any of the public sewage service districts presently authorized to operate in Jefferson County, but not presently furnishing sewage services, may become a part of the area to be serviced by this proposed Public Sewage Service District.

Further, it is the desire of the Jefferson County Commission to proceed as soon as possible to comply with the laws of the State of West Virginia in creating the Jefferson County Public Service District and it is so ORDERED that a public hearing be held on the 31st day of March, 1983, at 7:00 o'clock P.M. at the Jefferson County Courthouse and that notice of such public hearing be published as provided by law.

In re: LIST OF COUNTY-OWNED EQUIPMENT TO EMERGENCY SERVICES ADVISORY COUNCIL

Upon request of the Emergency Services Advisory Council, motion by Ott, second by Clendenning to furnish the Emergency Services Advisory Council with a list of all County-owned equipment that could possibly be used by Emergency Services during an emergency situation. Motion carried.

In re: NOTARY APPLICATION AND BOND APPROVED - MARGIE S. JOHNSTON

Upon the application of Margie S. Johnston as a 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 said County, that she is competent to perform the duties of such office, that she is a person of good moral character, and that she has posted bond and taken the oath of office as required by law.

Motion by Phalen, second by Snyder to approve the Notary Application and Bond for Margie S. Johnston. Motion carried.

In re: FAIR ASSOCIATION REQUEST - FAIRGROUNDS

Upon request of the Jefferson County Fair Association, the Commission agreed to give the Fair Association first consideration if and when any additional land is requested by some other organization or individual to the immediate west of the Fairgrounds.

In re: MELLON BANK, N.A. - PAYMENT AUTHORIZED - FEES AND EXPENSES INCURRED FROM REVENUE BOND ISSUE

Upon motion of the Court, the Commission approved and ordered payment to Mellon Bank, N.A. for fees and expenses incurred in servicing the Jefferson County, W.V. Residential Mortgage Revenue Bonds, 1980 Series A, payment in the amount of \$5,308.09, to be made from funds presently held by Mellon Bank in an account established for that purpose.

In re: MAINTENANCE AGREEMENT ON LEKTRIEVER CARD FILE IN ASSESSOR'S OFFICE

Motion by Clendenning, second by Ott to approve the mechanical maintenance agreement on the Lektriever Series 80 card file in the Assessor's Office for the period 3/4/83 through 3/4/84 in the amount of \$379.96. Motion carried.

In re: TURNKEY JAMES CARBONE TO ATTEND JAILERS' TRAINING SCHOOL

Upon request of the Sheriff, motion by Phalen, second by Ott to authorize Turnkey James Carbone to attend the Jailers' Training School at the Huttonsville Corrections Facility for a six-week period beginning March 7, 1983 at a cost of \$750.00, plus traveling expenses. Motion carried.

In re: DEPUTY SHERIFFS' REQUEST FOR PAY INCREASES

The Jefferson County Deputy Sheriffs appeared before the Commission with a written request for consideration of a \$1.00 per hour across-the-board pay increase for their department. The Commission accepted their written request for consideration.

In re: BID RECEIVED - REPLACEMENT CONSOLE AT EMERGENCY HEADQUARTERS - MOTOROLA, INC.

Motion by Clendenning, second by Ott to receive for review a bid in the amount of \$45,760.00 from Motorola, Inc. for a new console at Emergency Headquarters. Motion carried.

State of West Virginia, County of Jefferson, Sct.

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:

Regular Term of the County Commission held March 24, 1983 to adopt an Order for the purpose of proposing the creation of the Jefferson County Public Service District. Recorded in Law Order Book W at page 195.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 18th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission



Garland H. Moore, Jr.
PRESIDENT

DECEMBER 1, 1983

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 1, 1983, beginning at 9:30 o'clock A.M.

PRESENT: Garland H. Moore, Jr., President;
Charles B. Clendening, III; Henry M. Snyder, Jr.;
Robert D. Ott; Commissioners.

In re: SURPLUS TAX REFUNDS

Motion by Snyder, second by Clendening to approve the following Surplus Tax Refunds. Motion carried.

SURPLUS TAX REFUND

It appearing that on the 14th day of November, 1983, the Sheriff of said County, at a tax sale of delinquent lands, sold for delinquent and unpaid state taxes for the year 1982 a parcel of land assessed in the tax records of Jefferson County, West Virginia as, 1 lot No. 8, Woodbury, Middleway District, Jefferson County West Virginia; that at the time of said tax sale the taxes were charged to James J. McGrath and Juanita M. McGrath; that at said tax sale Francis Dale Duncan was purchaser of said real estate for a purchase price of \$490.00; that at the time of said sale the taxes, interest and charges thereon were \$477.57; that as a result of said sale thereon there is a surplus of \$12.43 in excess of the taxes, interest and charges due thereon.

Further, it appearing to the Commission, that since said sale James J. McGrath and Juanita M. McGrath's interest in and to the said property was sold to John S. Morris.

Thereupon 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 John S. Morris, the sum of \$12.43, that being the surplus paid to the Sheriff at said tax sale.
Entered this 1st day of December, 1983.

SURPLUS TAX REFUND

It appearing that on the 14th day of November, 1983, the Sheriff of said County, at a tax sale of delinquent lands, sold for delinquent and unpaid state taxes for the year 1982 a parcel of land assessed in the tax records of Jefferson County, West Virginia as, Lot 12, Woodland Park Subdivision, Charles Town District, Jefferson County, West Virginia; that at the time of said tax sale the taxes were charged to Elaine and Titus Hagy; that at said tax sale Mickey Duncan was purchaser of said real estate for a purchase price of \$200.00; that at the time of said sale the taxes, interest and charges thereon were \$83.41; that as a result of said sale thereon there is a surplus of \$116.59 in excess of the taxes, interest and charges due thereon.

Further, it appearing to the Commission, that since said sale Elaine and Titus Hagy's interest in and to the said property was sold to Mary Ellen Longan.

Thereupon 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 Mary Ellen Longan, the sum of \$116.59, that being the surplus paid to the Sheriff at said tax sale.
Entered this 1st day of December, 1983.

✓ In re: ORDER ADOPTED - JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Motion by Clendening, 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 15A, 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 16-15A-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

municipality shall adopt a resolution consenting to be included within the proposed public service district, and that area covered by the existing public service district of Harpers Ferry-Bolivar Public Service District presently authorized to operate in Jefferson County; provided, however, that any of the public sewage service districts presently authorized to operate in Jefferson County, but not presently furnishing sewage services may become a part of the area to be serviced by this Public Sewage Service District.

It is further ORDERED that the public service district shall be known as the "JEFFERSON COUNTY PUBLIC SERVICE DISTRICT", and that it shall possess the powers and privileges granted to public service districts by virtue of the provisions of the West Virginia Code.

In re: BOND CLOSING HELD FOR OAKRIDGE ASSOCIATES - FINAL RESOLUTION ADOPTED

The Bond Closing for Oakridge Associates was held this day at 10:30 A.M. in the County Courtroom.

Motion by Clendenning, second by Ott to adopt the following Final Resolution authorizing the issuance and sale of \$330,000 Jefferson County, West Virginia Industrial Development Revenue Bonds for Oakridge Associates for the purpose of financing the acquisition, construction and equipping of a commercial project. Motion carried.

RESOLUTION OF THE
COUNTY COMMISSION OF
JEFFERSON COUNTY, WEST VIRGINIA
AUTHORIZING THE ISSUANCE
AND SALE OF

\$330,000 JEFFERSON COUNTY, WEST VIRGINIA
INDUSTRIAL DEVELOPMENT REVENUE BOND
OAKRIDGE ASSOCIATES
SERIES 1983

Adopted December 1, 1983

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State of West Virginia, County of Jefferson, Sct.

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:

Regular Term of the County Commission held December 1, 1983 to adopt an Order for the creation of the Jefferson County Public Service District. Recorded in Law Order Book W at page 365.

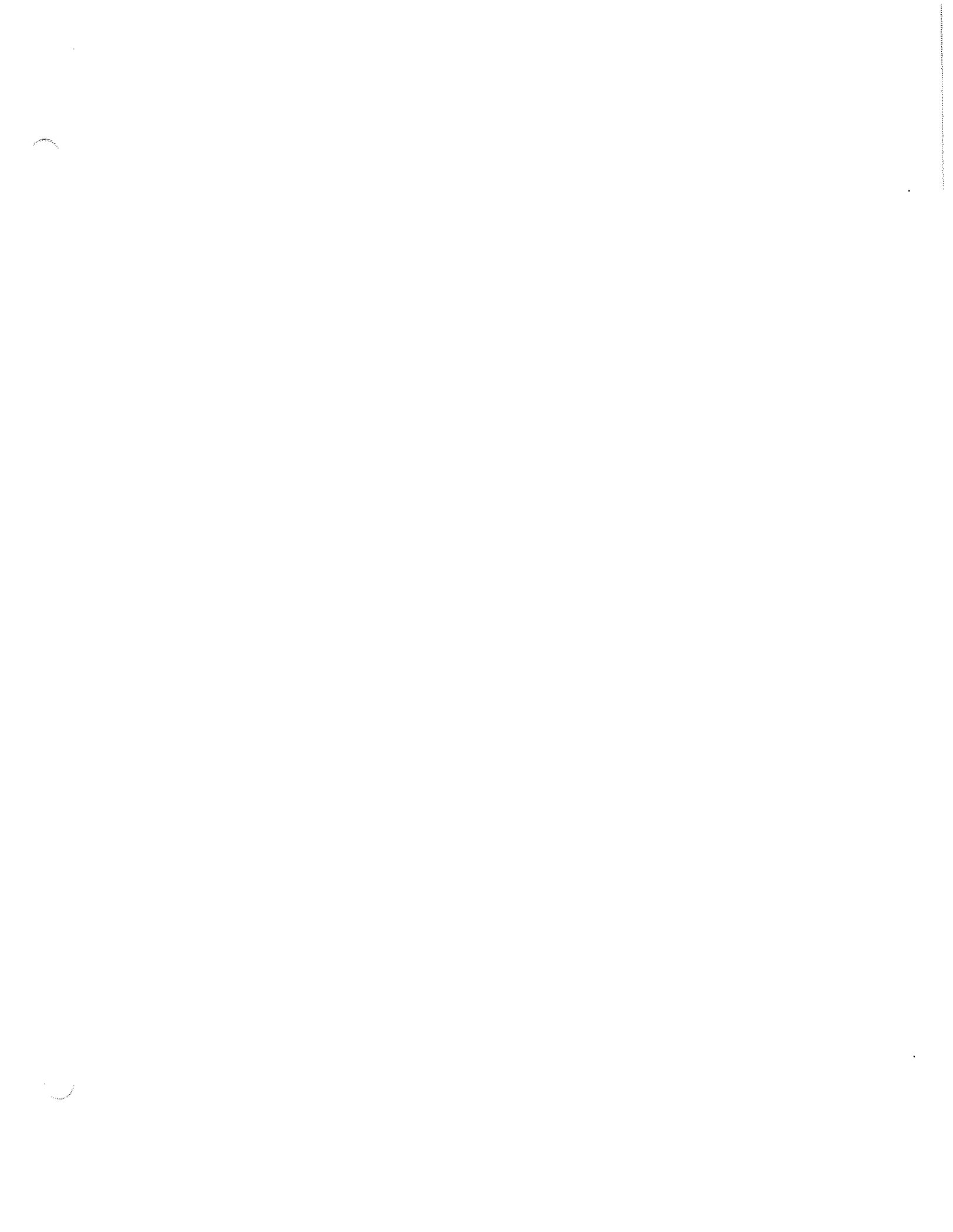
In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 18th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission





207

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. #18130 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 nonduplicative 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, Sct.

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:

Regular Term of the County Commission held January 14, 1988 to
reappoint Carole Hall to the Jefferson County Public Service Dist.,
for a 6 year term. Recorded in Law Order Book Y at page 207.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 18th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission



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 14, 1989, beginning at 9:30 o'clock A.M.

PRESENT: Henry W. Morrow, President;
Charles B. Clendening, R. Gregory Lance;
Edgar R. Ridgeway; Commissioners

Charles H. Strider, Jr. absent due to illness.

In re: DISPENSE WITH READING OF MINUTES

Motion by Clendening, second by Ridgeway to dispense with the reading of the Minutes for the meeting held on Thursday, December 7, 1989 and to approve the Minutes as prepared. Motion carried.

In re: PROPOSED AGREEMENT - ACTION WITHHELD - SAM MICHAEL'S FARM

The Commission deferred action on the proposed agreement regarding the Sam Michael's Farm until a revised agreement is prepared.

In re: DOG CLAIM - PAYMENT APPROVED

Motion by Clendening, second by Lance to acknowledge and approve payment of the following claim, for livestock killed by stray dogs during the period of July 1, 1988 through July 1, 1989, and directed the County Administrator to send a letter of explanation to Sherry Duncan. Motion carried.

NAME:	DESCRIPTION:	TOTAL AMOUNT:
Sherry Duncan	38 Sheep	\$1,000.00

In re: DATE & TIME ESTABLISHED - JOINT MEETING WITH BERKELEY COUNTY COMMISSION

The Commission established December 28, 1989 at 3:00 o'clock p.m. as the date and time for the joint meeting with Berkeley County Commission at the Berkeley County Courtroom in Martinsburg.

✓ In re: REAPPOINTMENT APPROVED - JEFFERSON COUNTY PUBLIC SERVICE DISTRICT - STANLEY ZOMBRO

Nomination by Clendening, second by Lance to reappoint Stanley Zombro to the Jefferson County Public Service District for a six (6) year term, expiring December 1, 1995. There being no further nominations, Mr. Zombro was reappointed by unanimous vote.

In re: VACANCY - ACTION WITHHELD - DEVELOPMENT AUTHORITY

The Commission deferred action on the vacancy on the Development Authority until further recommendations are received.

In re: VACANCY - ACTION WITHHELD - HISTORIC LANDMARKS COMMISSION

The Commission deferred action on the vacancy on the Historic Landmarks Commission until a letter of recommendation is received.

In re: DECISION ON UNEMPLOYMENT COMPENSATION

Upon recommendation of the County Administrator, motion by Clendening, second by Lance to continue with the same policy of self insurance for unemployment insurance purposes. Motion carried.

In re: GENERAL SCHOOL JUSTICE FINE FUND TRANSFER AUTHORIZATION

Motion by Clendening, second by Lance to authorize the transfer of funds from the General School Justice Fine Fund to the Jail Improvement Fund as of December 28, 1989. Motion carried.

In re: UNIVERSITY OF MARYLAND INVOICE

The Commission directed that the University of Maryland Invoice be referred to the Prosecuting Attorney for his review before payment is authorized.

In re: APPOINTMENT APPROVED - PARKS & RECREATION COMMISSION - CLIFFORD TAYLOR

Nomination by Ridgeway, second by Lance to appoint Clifford Taylor to the Parks and Recreation Commission for a remainder of an unexpired term. There being no further nominations, Mr. Taylor was appointed by unanimous vote.

In re: DEPARTMENT OF PUBLIC SAFETY - E-911 - PROPOSED RULES

The Commission directed the County Administrator to attend the public meeting regarding E911 and to express the Commission's opposition to the proposed rules.

In re: BYPASS CONSTRUCTION PROBLEM

The Commission authorized the County Engineer to assist those businesses which have been adversely affected by the bypass construction in contacting the Department of Highways.

State of West Virginia, County of Jefferson, Sct.

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:

Regular Term of the County Commission held December 14, 1989 to reappoint Stanley Zombro to the Jefferson County Public Service District, for a 6 year term. Recorded in Law Order Book Z at page 90.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 18th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission



Upon rising, the Commission adjourned to meet again on Thursday, December 5, 1991, beginning at 10:00 o'clock a.m.

~~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, December 5, 1991 beginning at 10:00 o'clock a.m.

PRESENT: Henry W. Morrow, President;
Edgar R. Ridgeway, R. Gregory Lance;
Herbert S. Snyder, Gary M. Kable; Commissioners

In re: DISPENSE WITH READING OF MINUTES

Motion by Lance, second by Kable to dispense with the reading of the Minutes for the meeting held on Thursday, November 21, 1991 and to approve the Minutes as prepared, including the following purchase orders: 25345, 25150, 25315, 25005, 25348, 25338, 25155, 25154, 25156, 25246, 25247, 25235, 25333, 25221, 25314, and 25218. Motion carried.

In re: SURPLUS TAX REFUND

Motion by Kable, second by Snyder to approve the following Surplus Tax Refund. Motion carried.

SURPLUS TAX REFUND

It appearing that on the 18th day of November, 1991, the Sheriff of said county, at a tax sale of Delinquent Lands, sold for delinquent and unpaid real estate taxes for the year 1990 parcel(s) of land assessed on the Tax records of Jefferson County, West Virginia as: Lot #37, Section 16J, Shannondale, Charles Town District; that at the time of said tax sale the taxes were charged to Virgil B. and Lucy P. Hershman; that at said tax sale Don Orser was the purchaser of said real estate for a purchase price of \$650.00; that at the time of said sale the taxes, interest and charges thereon were \$64.48; that as a result of said sale there is a surplus of \$585.52 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 Gregg A. and Melinda C. Robertson, Route 2, Box 634, Harpers Ferry, WV 25425, the sum of \$585.52, that being the surplus paid to the Sheriff at said tax sale.

Enter this 5th day of December, 1991.

\s\Henry W. Morrow, President

In re: SURPLUS TAX REFUND

Motion by Kable, second by Snyder to approve the following Surplus Tax Refund. Motion carried.

SURPLUS TAX REFUND

It appearing that on the 18th day of November, 1991, the Sheriff of said county, at a tax sale of Delinquent Lands, sold for delinquent and unpaid real estate taxes for the year 1990 parcel(s) of land assessed on the Tax records of Jefferson County, West Virginia as: Lot #77B, Section 4H, Shannondale, Charles Town District; that at the time of said tax sale the taxes were charged to Dale L. and Charlotte J. Poland; that at said tax sale Ann Julene Myers and Peter Prosser were the purchasers of said real estate for a purchase price of \$450.00; that at the time of said sale the taxes, interest and charges thereon were \$15.50; that as a result of said sale there is a surplus of \$434.50 in excess of the taxes, interest and charges

IN THE COUNTY COMMISSION OF JEFFERSON COUNTY, WEST VIRGINIA

IN RE: Matter of the Probate of the First Codicil to the Last Will and Testament of Helen T. Finnegan, Deceased

ORDER

THIS MATTER came on to be heard this 5th day of December, 1991, upon the papers and proceedings formerly read and had herein; upon the appearance of Gregory J. Didden, Petitioner, in person and by Mr. John C. Skinner, Jr., Esquire; it appearing that a duly verified petition was filed requesting the admission of the purported First Codicil of Helen T. Finnegan, deceased, to probate in solemn form; and it further appearing that the petition, purported First Codicil, and the arguments of counsel have been duly considered and accordingly, it is hereby

ADJUDGED and ORDERED that the request to admit the purported First Codicil of Helen T. Finnegan, deceased, to probate is denied. The exception of the petitioner is noted.

The Clerk shall transmit an attested copy of this Order to Mr. John C. Skinner, counsel for petitioner.

\s\ Henry W. Morrow, President

In re: U.S. FISH AND WILDLIFE TRAINING CENTER - RICK LEMON
Rick Lemon, Chief of Office of Training and Education for U.S. Fish and Wildlife Service, appeared before the Commission to discuss the proposed training and education facilities for the U.S. Fish and Wildlife Center near Harpers Ferry.

In re: WASTE MANAGEMENT SERVICE CONTRACT APPROVED
Motion by Lance, second by Snyder to approve the Service Contract with Waste Management and to authorize the President to affix his signature to said Agreement. Motion carried.

✓ In re: APPOINTMENT TO PUBLIC SERVICE DISTRICT
Upon nomination of Thomas West by Snyder and nomination of Gene Taylor by Ridgeway; motion by Lance, second by Ridgeway to close nominations. Thomas West was reappointed to the Public Service District by unanimous vote to serve a six year term expiring December 1, 1997.

In re: APPOINTMENT TO HISTORIC LANDMARKS COMMISSION
Upon nomination of Gene Taylor by Ridgeway, motion by Lance, second by Snyder to close nominations. Gene Taylor was appointed by unanimous vote to serve the remainder of an unexpired term on the Historic Landmarks Commission, which term expires March 6, 1992.

The Commission agreed to holdover the appointment to fill the vacancy on the Historic Landmarks Commission, created by the resignation of Jean Crolus, until a later date.

The County Clerk appeared before the Commission to announce a demonstration of new voting devices to be held on December 10, 1991, at the Courthouse in Martinsburg. He further recommended that the Commissioners and the County Administrator attend said demonstration.

The Commission received the following information:

Correspondence from Ranson Police Department commending Mr. James Hayden, Communications Dispatcher, for outstanding service.

Letter of interest from Gene Perkins requesting consideration of appointment to the Historic Landmarks Commission.

Correspondence from County Commissioners' Association regarding 1992 Legislative Priorities.

State of West Virginia, County of Jefferson, Sct.

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:

Regular Term of the County Commission held December 5, 1991 to
reappoint Thomas West to the Jefferson County Public Service District
for a 6 year term. Recorded in Law Order Book AA at page 142.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 19th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission

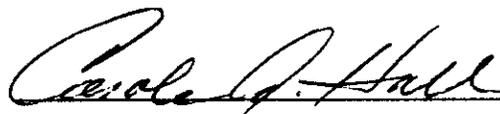


State of West Virginia,

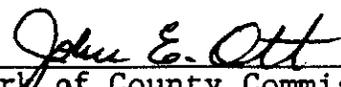
COUNTY OF JEFFERSON, SCT.

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 member of the Jefferson County Public Service District to the best of my skill and judgement, and according to law, So help me God.



the above oath was taken and subscribed to before the Clerk of County Commission this 14th day of January, 1988.


Clerk of County Commission

State of West Virginia, County of Jefferson, Sct.

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:

Oath of Office for Carole A. Hall for the office of member of
the Jefferson County Public Service District. Oath taken
the 14th day of January, 1988.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 28th day of

October, A. D., 1993

John E. Ott

Clerk of said Commission

By: Delma L. Pettinger, Deputy

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Stanley E. 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 E. Zombro, do solemnly swear that I will faithfully discharge and perform the duties of the office of member of the Jefferson County Public Service District to the best of my skill and judgement, and according to law, So help me God.

Stanley E. Zombro

the above oath was taken and subscribed to before the Clerk fo County Commission this 14th day of December, 1989.

John E. Ott
Clerk of County Commission

State of West Virginia, County of Jefferson, Sct.

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:

Oath of Office for Stanley E. Zombro for the office of member of
the Jefferson County Public Service District. Oath taken
the 14th day of December, 1989.

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 28th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission

State of West Virginia,

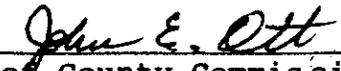
COUNTY OF JEFFERSON, SCT.

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 Jefferson County Public Service District to the best of my skill and judgement, and according to law, So help me God.



the above oath was taken and subscribed to before the Clerk of County Commission this 5th day of December, 1991.


Clerk of County Commission

State of West Virginia, County of Jefferson, Sct.

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:

**Oath of Office for Thomas M. West for the office of member
of the Jefferson County Public Service District. Oath taken
the 5th day of December, 1991.**

In attestation whereof I have hereunto set my hand and affixed the seal of said Commission

this 28th day of

October, A. D., 1993

John E. Ott
Clerk of said Commission

1

2

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

4.

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

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

RECEIVED

Charles Town, W. Va. May 30 11 30 AM 6: 11 19 91

I hereby certify that the annexed Jefferson County Public Service Commission

in the case of Case No. 91-163-PSD-42A, Case No. 91-197-PSD-PD, Public notice of change in rates upon application

has been published once a week for two successive weeks, in the Spirit of Jefferson

Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of

May 30 and June 6, 1991,

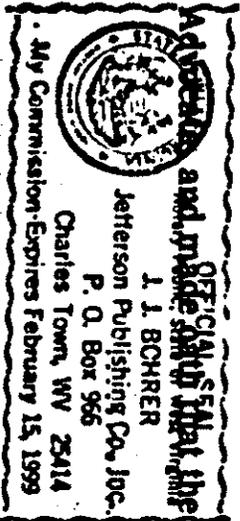
as required by law.

[Signature]
Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson
Personally appeared before me, R. Meade Dorsey, Editor/Manager

of the Spirit of Jefferson Advocate and that the above certificate is true and correct.

Commission expires



Notary Public

**JEFFERSON COUNTY
PUBLIC SERVICE DISTRICT
CASE NO. 91-163-PGD-12A
CASE NO. 91-197-PGD-PC
PUBLIC NOTICE
OF CHANGE IN RATES
UPON APPLICATION**

NOTICE is hereby given that JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, a public utility, on March 11, 1991, filed with the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, an application containing increased rates, tolls and charges for furnishing sewer service to 783 customers at unincorporated areas in the vicinity of Charles Town and Ranson in the County of Jefferson. On May 7, 1991, the DISTRICT filed its Rule 42 Exhibit. The DISTRICT also requests authorization for issuance of completion bonds in the amount of \$900,000, and approval of interim financing, in the form of a line of credit, in the amount of \$300,000, both at an interest rate not to exceed 12%.

The proposed increased rates and charges will produce approximately \$536,641.00 annually in additional revenue, an increase of 44%. The sewer rate would increase from \$7.43 per thousand gallons metered water to \$11.00 per thousand gallons, an increase of 48%. The unmetered rate would increase from \$33.53 to \$49.50. The bulk rate of \$4.34 per thousand gallons would remain the same. The average monthly bill for the various classes of customers will be changed as follows.

	Present Rate	Proposed Rate	Increase (%)
Residential	\$7.43	\$11.00	48%
Commercial	\$4.34	\$4.34	0%
Bulk	\$4.34	\$4.34	0%

The proposed increased rates and charges will not become effective until public hearing has been held and have been authorized and approved by the Commission

A complete copy of the proposed rates, as well as a representative of the DISTRICT to provide any information requested concerning it, is available to all customers, prospective customers or their agents at the following office of the DISTRICT:

210 West 3rd Avenue,
Ranson, West Virginia 25438
A copy of proposed rates is available for public inspection at the Office of the Secretary of the PUBLIC SERVICE COMMISSION at 201 Brooks Street, Charleston, West Virginia.

Anyone desiring to protest the increased rates and charges contained in this application should do so, in writing, stating the reason for the protest and should be addressed to the Secretary, Public Service Commission of West Virginia, P. O. Box 812, Charleston, West Virginia 25323.
5/30/91

JEFFERSON COUNTY
PUBLIC SERVICE DISTRICT

Regular Meeting
January 8, 1993
Agenda

OLD BUSINESS:

1. Charles Town/Ranson
Update PSC Cases
Purchase of Billing Software
Flow Meters
2. Keyes Ferry Acres
3. Bardane Industrial Park

NEW BUSINESS:

1. Charles Town/Ranson
Commissioner James Knode
Reply to WDA Letter
Disbursements
2. Keyes Ferry Acres
Pump Failure
Line replacement
Disbursements
3. Bardane Industrial Park
Disbursements

NEXT MEETING:

January 20, 1993
February 3, 1993

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT
210 West Third Avenue
Ranson, WV 25438
725-4647

Place: PSD Office
Date: January 8, 1993
Time: 9:00am
Attendance: Stanley Zombro, Chairman; Tom West, Treasurer;
Carole Hall, Secretary; William B. Stine, Jr,
General Manager

1. Charles Town/Ranson
Update PSC Cases

CAVALAND: The General Manager reported that the contract for the acquisition of Cavaland had not been sent to the PSC due to a delay in gathering information to be sent with the contract. The Chairman instructed the General Manager to send the contract without any additional information.

TUSCAWILLA: The General Manager reported that there had been no communication with Tuscowilla during the holidays. The Chairman instructed the General Manager to talk with the representatives of Tuscowilla and give a report at the next meeting on January 20, 1993.

WILLOW SPRINGS: The General Manager reported that the District had received a request for information from the PSC with a due date of January 13, 1993. The information requested is being gathered at this time. Discussion followed concerning the information.

Purchase of Billing Software
No update.

Flow Meters

The Board instructed the General Manager to run another bid for the installation of the flow meters. The bid will be put into the Spirit of Jefferson newspaper the 14th of January. The bid opening will be on February 17, 1993 at 10:00 am.

2. Keyes Ferry Acres
No update

3. Bardane Industrial Park
No update

NEW BUSINESS:

1. Charles Town/Ranson

Commissioner James Knode

County Commissioner James Knode attended this meeting. During this meeting the Board informed Mr. Knode on all of the information to date concerning the Bond Closing, the Intermunicipal Agreement and the general history of the PSD. In the future Mr. Knode is going to be present at the first meeting of each month as a representative of the County Commission.

Disbursements

The General Manager presented the current bills due to the Board for payment approval. Carole Hall made a motion instructing the General Manager which bills to pay. Tom West seconded the motion, motion carried.

2. Keyes Ferry Acres

Disbursements

The General Manager presented the current bills due to the Board for payment approval. Tom West made a motion to pay the bills as presented. Carole Hall seconded the motion, motion carried.

Pump Failure

The General Manager reported on a pump that needed to be installed into a well at KFA.

Line Replacement

The General Manager reported to the Board on a section of water line which needs to be replaced in KFA. Discussion followed.

3. Bardane Industrial Park

Disbursements

The General Manager presented the current bills due to the Board for payment approval. Tom West made a motion to pay the bills as presented. Carole Hall seconded the motion, motion carried.

✓ ELECTION OF OFFICERS

Carole Hall made a motion to elect Stanley Zombro as Chairman of the Board. Tom West seconded the motion, motion carried.

Stanley Zombro made a motion to elect Tom West as Treasurer of the Board. Carole Hall seconded the motion, motion carried.

Tom West made a motion to elect Carole Hall as Secretary of the Board. Stanley Zombro seconded the motion, motion carried.

Carole Hall made a motion to adjourn the meeting. Tom West seconded the motion, motion carried.



Carole Hall, Secretary

.....

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND
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:

The Public Service Board of Jefferson County Public Service District met in special session, pursuant to notice duly posted, on the 5th day of November, 1993, in Ranson, West Virginia, at the hour of 9:00 a.m.

PRESENT: Stanley E. Zombro - Chairman
Carole A. Hall - Secretary
Thomas M. West - Treasurer
William B. Stine, Jr. - General Manager
James Knode - County Commissioner

ABSENT: None.

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 Resolution in writing entitled:

RESOLUTION AUTHORIZING THE COMPLETION OF 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 \$971,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL

DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS;
APPROVING AND RATIFYING A LOAN AGREEMENT RELATING
TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING
FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

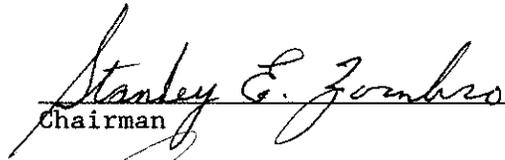
and caused the same to be read and there was discussion. Thereupon, on motion of Thomas M. West, seconded by Carole A. Hall, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM), OF JEFFERSON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, 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.



Chairman



Secretary

CERTIFICATION

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

WITNESS my signature on this 10th day of November, 1993.



Secretary, Jefferson County Public
Service District, Public Service Board

11/05/93
JSRFC.N3
45026/90001

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: November 10, 1993

(See Reverse for Instructions)

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds,
ISSUE: Series 1993A (West Virginia SRF Program)

ADDRESS: 210 West Third Avenue, Ranson, West Virginia 25438 COUNTY: Jefferson

PURPOSE New Money X

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: November 10, 1993

CLOSING DATE: November 10, 1993

ISSUE AMOUNT: \$ 971,000

RATE: 0%

1st DEBT SERVICE DUE: 3/1/94

1st PRINCIPAL DUE: 3/1/94

1st DEBT SERVICE AMOUNT: \$12,138

PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: F & M Bank - Blakeley

Contact Person: Virginia Longerbeam

Phone: 725-7014

ESCROW TRUSTEE:

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: William B. Stine, Jr.

Position: General Manager

Phone: 725-4962

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 X Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ 48,552

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

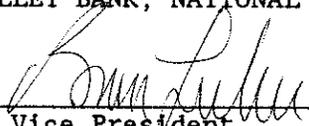
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

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 1993 A (West Virginia SRF Program), dated November 10, 1993, in the principal amount of \$971,000, and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Dated this 10th day of November, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By 
Its Vice President

10/26/93
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45026/90001

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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

F & M BANK-BLAKELEY, a state banking corporation, with its principal office in Ranson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Jefferson County Public Service District (the "Issuer"), both adopted November 5, 1993 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), dated November 10, 1993, in the principal amount of \$971,000 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

Dated this 10th day of November, 1993.

F & M BANK-BLAKELEY

By Virginia Mae Longstreet
Its Assistant Cashier

10/27/93
JSRFJ.P2
45026/90001

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JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

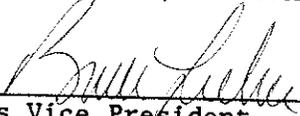
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

I, BRUCE C. LECKIE, Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), of Jefferson County Public Service District (the "Issuer"), hereby certify that on the 10th day of November, 1993, the single fully registered Series 1993 A Bond of the Issuer, in the principal amount of \$971,000, designated "Sewer Revenue Bond, Series 1993 A (West Virginia SRF Program)," numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 10th day of November, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By 
Its Vice President

10/26/93
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45026/90001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 10th day of November, 1993, 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 \$971,000 Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted November 5, 1993, and a Supplemental Resolution of the Issuer duly adopted November 5, 1993 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory

bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Jefferson County Public Service District
 210 West Third Avenue
 Ranson, West Virginia 25438
 Attention: Chairman

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

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

IN WITNESS WHEREOF, 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. Zumbro
Its Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By

Bruce Lulu
Its Vice President

10/26/93
JSRFJ.R2
45026/90001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

Invoice

ONE VALLEY
BANK

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT

DATE NOVEMBER 10, 1993

UNITS	ITEM DESCRIPTION	TOTAL
	<p>\$971,000 PAR JEFFERSON COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA SRF PROGRAM)</p> <p>ACCOUNT NUMBER 41932</p> <p>ONE TIME FEE FOR SERVICES AS BOND PROCEEDS AGENT; REGISTRAR.....</p>	<p>\$1,000.00</p>

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

Attn: CHARLOTTE MORGAN



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

BOND AND NOTES RESOLUTION

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05/04/88
JEFF3-B

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;

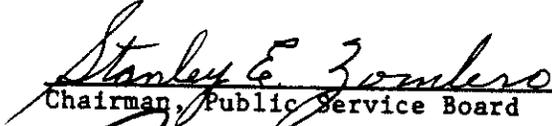
(c) The public service properties to be acquired or constructed and the cost of the same;

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

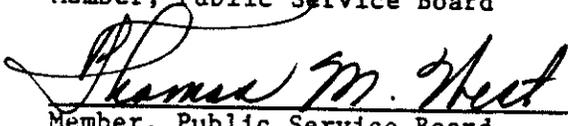
(e) The date that the formal application for a certificate of convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

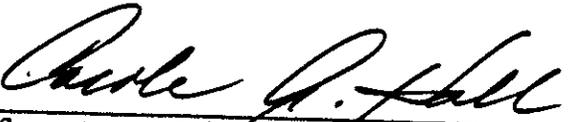

Member, Public Service Board

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]


Secretary, Public Service Board

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

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2

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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DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
 1201 Greenbrier Street
 Charleston, WV 25311-1088

Gaston Caperton
 Governor
 John M. Ranson
 Cabinet Secretary

David C. Callaghan
 Director
 Ann A. Spaner
 Deputy Director

September 13, 1993

William B. Stine Jr.
 General Manager
 Jefferson County PSD
 210 W. Third Avenue
 Ranson, WV 25438

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Stine:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0084361, dated the 13th day of September 1993, for Jefferson County Public Service District in Ranson, West Virginia.

Please note requirement no. 4 on page 9 of 10 prohibiting the acceptance of new non-domestic wastewater discharges without prior Office approval.

Please also note the attachment to this permit which describes the annual permit fee requirement.

If you have any questions, please contact Robert Bates of this office at 558-4086.

Very truly yours,

OFFICE OF WATER RESOURCES

Pravin G. Sangani
 Pravin G. Sangani, P. E.
 Municipal Branch Leader

PGS:mll

Enclosure



WRD 1A-82
Revised 3/93

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR, AND ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0084361

Issue Date: September 13, 1993

Subject: Sewage Collection System

Effective Date: October 13, 1993

Expiration Date: September 12, 1998

Supersedes: WV/NPDES Permit No.
WV0084361 issued November 30, 1987

Location: Ranson Jefferson Potomac
(City) (County) (Drainage Basin)

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

To whom it may concern:

This is to certify that Jefferson County Public Service District
210 West Third Street
Ranson, WV 25438

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing sewage collection system consisting of 422 manholes, one (1) cleanout, 1,805 linear feet of four (4) inch sewer line, 1,392 linear feet of six (6) inch sewer line, 70,590 linear feet of eight (8) inch sewer line, 7,144 linear feet of ten inch sewer line, 4,953 linear feet of twelve inch sewer line, 22 lift stations with 1,886 linear feet of 1 1/4 inch force main, 313 linear feet of 1 1/2 inch force main, 2,913 linear feet of three (3) inch force main, 5,819 linear feet of four (4) inch force main, 25,174 linear feet of six (6) inch force main, and all other necessary appurtenances.

The collection system is designed to serve the customers of the Jefferson County Public Service District and to convey sewage to the City of Charles Town sewage collection system with the ultimate treatment at and discharge from 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 19th day of May 1993, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections B, C, D, E, F, and G.

(Continued on Page 2)

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WITH:

PLANS, SPECIFICATIONS, AND REPORTS:

Date Received: July 29, 1987

Prepared by: Howards, Needles, Tammen, and Bergendoff
1120 Kanawha Blvd., East
Charleston, WV

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.

C. MANAGEMENT CONDITIONS

- 1. Duty to Comply**
 - (A) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
 - (B) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.
- 2. Duty to Reapply**

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.
- 3. Duty to Mitigate**

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.
- 4. Permit Actions**

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit conditions.
- 5. Property Rights**

This permit does not convey any property rights of any sort or any exclusive privilege.
- 6. Signatory Requirements**

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 46, Series 2, 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 reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.
- 9. Other Information**

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.
- 10. Inspection and Entry**

The permittee shall allow the 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 and copy at reasonable times, any records that must be kept under the conditions of this permit;
 - c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
 - d) Samples or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.
- 11. Permit Modification**

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 20-5A-8 of the Code of West Virginia.
- 12. Water Quality**

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the State Water Resources Board.
- 13. Outlet Markers**

A permanent marker at the establishment shall be posted in accordance with Title 46, Series 3, 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.

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Regulations, authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass N/A

a) Definitions

(1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and

(2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3.d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;

(2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass

(1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless;

(A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and

(C) The permittee submitted notices as required under D.3.c) of this permit. (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3.d)(1) of this permit.

4. Upset N/A

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An upset occurred and that the permittee can identify the cause(s) of the upset;

(2) The permitted facility was at the time being properly operated;

(3) The permittee submitted notice of the upset as required in F.2.b) of this permit.

(4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

E. MONITORING AND REPORTING

1. Representative Sampling

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

2. Reporting

- a) Permittee shall submit each N/A, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s).
- b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

Chief
Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Attention:

- a) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
- d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).
- e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month.) if continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

- a) The date, exact place, and time of sampling or measurement;
- b) The date(s) analyses were performed;
- c) The individual(s) who performed the sampling or measurement;
- d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
- e) The analytical techniques or methods used, and
- f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.5.

5. Additional Monitoring by Permittee

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

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for Continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three(3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

- a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
- b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
- c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
- d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
- e) "Grab Sample" is an individual sample collected in less than 15 minutes.
- f) "i-s" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
- g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
- h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two(2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
- i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
- j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
- k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
- l) "Noncontact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee for any responsibilities, liabilities, or penalties established pursuant to Title 46, Series 3, 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 Title 46, Series 3, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

- a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five(5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- b) The following shall also be reported immediately:
 - (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
 - (2) Any upset which exceeds any effluent limitation in the permit; and
 - (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.
- c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.
- d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Title 46, Series 3, Section 2 of the Board's rules.

3. Reporting Requirements

- a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
 - (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 2, Title 46 of the Board's rules; or
 - (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. The notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.
- b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
 - (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
 - (A) One hundred micrograms per liter (100 ug/l);
 - (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
 - (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series 2, Title 46 of the Board's rules;
 - (D) The level established by the Chief in accordance with Section 6.3.g. of Series 2, Title 46 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 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 2, Title 46 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 2, Title 46 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 2, Title 46 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 treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The lift stations within the collection system shall be adequately protected by fencing.
3. The permittee may accept non-domestic wastewater from Royal Vendors, Inc. for transportation to, and subsequent treatment and disposal at, the City of Charles Town wastewater treatment plant. Approval is contingent upon compliance with the following terms and conditions:
 - a) The maximum daily volume of the subject wastewater accepted shall not exceed 3,000 gallons. The flow rate of the subject discharge shall be continuously measured, recorded, and shall be totalized daily.
 - b) The following daily maximum limitations and monitoring requirements apply to the Royal Vendors, Inc. discharge:

<u>Parameter</u>	<u>Daily Maximum Limitation (mg/l)</u>	<u>Mon. Average Limitation (mg/l)</u>	<u>Monitoring Frequency</u>	<u>Sample Type</u>
Cadmium (T)	0.09	0.06	1/Month	8-hr comp
Chromium (T)	2.77	1.71	1/Month	8-hr comp
Copper (T)	3.38	2.07	1/Month	8-hr comp
Lead (T)	0.07	0.05	1/Month	8-hr comp
Nickel (T)	1.89	1.26	1/Month	8-hr comp
Silver (T)	0.43	0.24	1/Month	8-hr comp
Zinc (T)	2.61	1.48	1/Month	8-hr comp
Cyanide (T)	1.20	0.65	1/Month	8-hr comp
pH	≥ 6.0 and ≤ 9.0 std. units		1/Month	Grab ¹
TTO ³	2.13		1/Month	Inst. Meas. ² Grab ⁴

¹ A minimum of four (4) distinct samples shall be obtained at approximately equal time intervals during the daily discharge period and analyzed separately. The analytical results shall be averaged to determine the daily value.

² A minimum of four instantaneous measurements shall be performed at approximately equal intervals during the daily discharge period. All results shall be reported.

³ In accordance with 40 CFR 433.12, only those Toxic Organics reasonably expected present in the wastewater must be analyzed for.

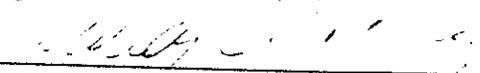
⁴ An individual grab sample, which is representative of the introduction of toxic organic compounds, shall be obtained and analyzed to determine the daily values.

- c) Approval extends only to the acceptance of metal-finishing wastewater from the subject facility and the limitations imposed in Item b) are applicable to metal finishing wastewaters prior to their mixing with sewage or any other wastewaters. The permittee shall ensure that self-monitoring occurs at a location prior to such mixing.
 - d) All monitoring required herein shall be conducted in accordance with sample collection, preservation, and analytical procedures specified in 40 CFR 136.
 - e) Monitoring reports on the subject discharge shall be submitted monthly by the permittee to the Office and the City of Charles Town. Reports become due on the 21st day of the month following that in which monitoring is performed. Reports shall contain the results of all monitoring performed, the date(s) upon which monitoring occurred, the volume of the subject nondomestic wastewater accepted on the monitoring date(s), and the average and maximum daily volumes accepted during the period.
 - f) If the permittee or Royal Vendors monitors any parameter more frequently than required by Item b), the results of the additional monitoring must be submitted.
 - g) Records of the following information relative to self-monitoring of the nondomestic wastewater discharge shall be maintained:
 - 1) The date, exact location, method and time of sampling, sample preservation techniques used, and the name of the person taking the samples;
 - 2) The dates that analyses were performed, the analytical methods used and the method detection levels, the name of the person performing the analyses, and the analytical results.
 - h) The Office of Water Resources shall reserve the right to disallow the continued acceptance of the subject wastewater, or to require installation of pretreatment facilities, if the wastewater violates the specified limitations, causes interference with POTW operations, passes through the POTW and results in effluent limitation violations or receiving stream degradation, or adversely impacts POTW sludge disposal.
4. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Series 2, Section 14, Title 46 of the Legislative Rules of the State Water Resources Board.
 5. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.
 6. If any existing non-domestic discharge is identified as being subject to a Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

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 19th day of **May**, 1993; 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 19th day of **May**, 1993, 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

LEM/RAB/ml1



DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

Gaston Caperton
Governor
John M. Ranson
Cabinet Secretary

David C. Callaghan
Director
Ann A. Spaner
Deputy Director

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Division of Natural Resources. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is \$ 250 . This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.

EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF NATURAL RESOURCES

REQUIREMENTS:

West Virginia Legislative Rules Series 3, Section 2, State Water Resources Board
Effective July 1, 1987.

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 West Virginia Division of Natural Resources' Emergency Notification Number, 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials there spilled, 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 such spill or discharge and such additional information as may be requested by Water Resources. This also applies to spills to the waters of the State resulting from accidents to containers, carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

- 1) Potential toxicity in water to man, animals and aquatic life;
- 2) Details on analytical procedures for the quantitative estimation of such substances in water; and
- 3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 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 a spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

ADDITIONAL 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 the following number: 1-800-642-3074.

INFORMATION NEEDED:

- Source of spill or discharge	- Personnel at the scene
- Location of incident	- Actions initiated
- Time of incident	- Shipper/Manufacturer identification
- Material spilled or discharged	- Railcar/Truck identification number
- Amount spilled or discharged	- Container type
- Toxicity of material spilled or discharged	

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.

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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) BOD₅
 - (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) BOD₅

(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, naptha, 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 BOD₅
 - 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.

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7-9-92

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

July 2, 1992

Mr. Stanley E. Zombro
Chairman
Jefferson County Public Service
District
210 West Third Street
Ranson, West Virginia 25438

Dear Mr. Zombro:

It is my pleasure to inform you that I am approving a \$50,000 Community Partnership Grant to the Jefferson County Public Service District for the purpose of installing flow monitoring meters on your system. It is my understanding that the installation of these meters may reduce your monthly treatment costs.

This \$50,000 commitment is contingent upon your compliance to the three issues raised by the Division of Natural Resources relative to this project.

The issues are:

1. Installation of 10-inch and 18-inch flow monitoring flumes.
2. Clarification of whether there is an existing easement claim and to what extent it has been addressed.
3. Submission of the project performance certification.

You will be contacted shortly by my Community Development Division who will assist you in processing the request funds for this project.

Mr. Stanley E. Zombro
Page 2
July 2, 1992

OFFICE OF THE GOVERNOR

If you have any questions, please do not hesitate to contact
Bill Spence at 558-4010.

Sincerely,


Gaston Caperton
Governor

GC:bsb

cc: Bud Stine



DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION

617 Broad Street
Charleston, WV 25301-1218

November 8, 1993

David C. Callaghan
Director

Ann A. Spaner
Deputy Director

Gaston Caperton
Governor

John M. Ranson
Cabinet Secretary

Mr. Stanley Zombro, Chairman
Jefferson County Public Service District
210 West Third Avenue
Ranson, West Virginia 25438

RE: C-540465-02

Dear Mr. Zombro:

This letter supersedes our letter of October 20, 1993. Federal grant payments as administered by this office now total \$4,979,897.

If you have any questions regarding this payment, please contact Carrie Grimm or Larry Lengyel at (304) 558-0637.

Sincerely,

CONSTRUCTION ASSISTANCE

Rosalie Brodersen, Branch Leader
Management Branch

RB/cg

cc: Mr. Francis R. Snock, EPA
Mr. Lee Murphy, EPA
Howard, Needles, Tammen & Bergendoff



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

RONALD R. POTESTA
Director
ROBERT K. PARSONS
Deputy Director

ICH A. MOORE, JR.
Governor

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
Mike Johnson, P.E.
Branch Head

MJ/JRW

cc: R. Fenton Roudabush, EPA
Ed Henry, WDA
Howard Cunningham, PSC
Howard, Needles, Tammen & Bergendoff



THE COUNTY COMMISSION OF JEFFERSON COUNTY

P. O. Box 250
Charles Town, WV 25414

Phone: 304/725-9761

October 27, 1993

Mr. Stanley E. Zombro
Chairman
Jefferson County Public
Service District
210 West Third Avenue
Ranson, WV 25438

Dear Mr. Zombro:

This will confirm that The County Commission of Jefferson County has approved and contributed a grant in the amount of \$211,520 to Jefferson County Public Service District for paying part of the cost of acquisition and construction of sewerage facilities in Jefferson County. Thank you for your assistance in this matter.

Very truly yours,

Edgar R. Ridgeway
President
Jefferson County Commission

10/26/93
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45026/90001





STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

November 10, 1993

Jefferson County Public Service District
Sewer Revenue Bonds, Series 1993 A
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the present holder of the entire outstanding aggregate principal amount of the Series 1988 A Bonds and the Series 1988 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1993 A (West Virginia SRF Program) (the "Series 1993 A Bonds"), by the Jefferson County Public Service District (the "Issuer"), under the terms of the Bond Resolution duly adopted by the Issuer on November 5, 1993, which Series 1993 A Bonds are to be issued on a parity with the Issuer's outstanding Sewer Revenue Bonds, Series 1988 A, dated May 5, 1988 (the "Series 1988 A Bonds") and senior and prior to the Issuer's outstanding Sewer Revenue Bonds, Series 1988 B, dated May 5, 1988 (the "Series 1988 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yankosky
Its Director

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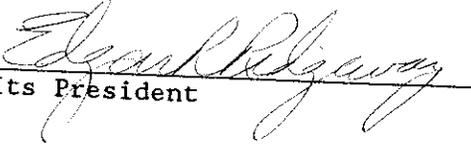
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RECEIPT OF PAYMENT FROM THE COUNTY COMMISSION OF JEFFERSON COUNTY

The County Commission of Jefferson County (the "County Commission"), as holder of a note of Jefferson County Public Service District (the "District"), dated March 15, 1991 (the "Note"), in the original aggregate principal amount of \$438,530.34, hereby certifies that it has received the sum of \$394,954.67 from the District and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Note to the date hereof and discharge the liens, pledges and encumbrances securing the Note. The payment received from the District will simultaneously be paid to Old National Bank, Martinsburg, West Virginia, to pay in full the principal of and interest on the Sewerage System Grant Anticipation Refunding Notes, Series 1991 (Jefferson County Public Service District Project), of the County Commission, dated March 15, 1991.

Dated this 10th day of November, 1993.

THE COUNTY COMMISSION OF JEFFERSON
COUNTY

By 
Its President

11/01/93
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45026/90001



RECEIPT OF PAYMENT FROM OLD NATIONAL BANK

Old National Bank, Martinsburg, West Virginia, as holder of the Sewerage System Grant Anticipation Refunding Notes, Series 1991 (Jefferson County Public Service District Project), of The County Commission of Jefferson County (the "County Commission"), dated March 15, 1991 (the "Note"), in the original aggregate principal amount of \$438,530.34, hereby certifies that it has received the sum of \$394,954.67 from the County Commission and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Note to the date hereof and discharge the liens, pledges and encumbrances securing the Note.

Dated this 10th day of November, 1993.

OLD NATIONAL BANK

By Jerry W. Ness
Its Senior Vice President

11/01/93
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45026/90001

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RECEIPT OF PAYMENT FROM F & M BANK-BLAKELEY

F & M Bank-Blakeley, Ranson, West Virginia, as holder of a note of Jefferson County Public Service District (the "District"), dated April 1, 1991 (the "Note"), in the original aggregate principal amount of \$150,000, hereby certifies that it has received the sum of \$188,192.70 from the District and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Note to the date hereof and discharge the liens, pledges and encumbrances securing the Note.

Dated this 10th day of November, 1993.

F & M BANK-BLAKELEY

By Virginia Mae Longtree
Its Assistant Cashier

10/27/93
JSRFJ.U2
45026/90001