

**UPPER KANAWHA VALLEY  
PUBLIC SERVICE DISTRICT**

**Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)**

**Date of Closing: March 15, 2002**

**BOND TRANSCRIPT**

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**Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)**

**BOND TRANSCRIPT**

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**UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT**

**SEWER REVENUE BONDS, SERIES 2002 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND RESOLUTION**

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UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 UPPER KANAWHA VALLEY 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments, improvements and extensions to the existing public sewerage system of the Issuer, consisting of an extension to the Morton Travel Plaza and Standard Maintenance Garage in Kanawha County, together with all appurtenant facilities (collectively, the "Expanded Project"), which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Expanded Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The Expanded Project is being constructed in conjunction with an upgrade to the sewage treatment facilities of the Town of Pratt (the "Town"), which original project has been expanded to include the Expanded Project. A Memorandum of Understanding by and between the Issuer and the Town approved by the Public Service Commission of West Virginia by Commission Order dated September 22, 1999, in Case No. 98-0576-PSD-S-CN.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Expanded Project through the issuance of its revenue bonds to the Authority, in connection with the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) in the aggregate principal amount of not more than \$300,000 (the "Series 2002 A Bonds" or the "Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Expanded Project. The remaining costs of the Expanded Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2002 A Bonds prior to and during acquisition and construction of the Expanded Project and for a period not exceeding 6 months after completion of acquisition and construction of the Expanded Project; amounts which may be deposited in the Series 2002 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Expanded

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 2002 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Expanded Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2002 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the original aggregate principal amount of \$5,768,297 (the "Prior Bonds").

Prior to the issuance of the Series 2002 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

There are outstanding obligations of the Issuer which are secured by the revenues of the System other than the Net Revenues, being the Upper Kanawha Valley Public Service District, successor to London Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the original aggregate principal amount of \$119,064 (the "Series 1997 A Note") and the Upper Kanawha Valley Public Service District, successor to the Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the original aggregate principal amount of \$145,000 (the "Series 1997 B Note" and collectively with the Series 1997 A Note, the "Prior Notes"). The Prior Notes are secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System subsequent to the completion of the Expanded Project; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer issued subsequent to the issuance of the Series 2002 A Bonds; and (3) Surplus Revenues of the System (as defined herein and in the Notes

Legislation), if any, but only to the extent that the Public Service Commission of West Virginia does not require that such Surplus Revenues are used for other purposes of the System. The Authority and the Council have waived the requirements in the respective resolutions authorizing the Prior Notes that the Prior Notes be paid in full from the proceeds of the Series 2002 A Bonds or the Grants.

I. The estimated revenues to be derived in each year following completion of the Expanded Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2002 A Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. 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 Expanded Project and the System, and issuance of the Series 2002 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2002 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 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for all or a portion of the proceeds of the Series 2002 A Bonds from the Authority.

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

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

"Consulting Engineers" means Ghosh Engineers Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or

portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

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

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

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

"Grants" means all monies received by the Issuer on account of any Grant for the Expanded 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:

- (A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),
- (B) any obligation,
- (C) any annuity contract,
- (D) any investment-type property, or
- (E) in the case of a bond other than a private activity bond, 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 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 2002 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds,

if any, deposited in the 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 2002 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 2002 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 A Bonds.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, 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 Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Series 1999 Bonds.

"Prior Resolution" means the resolution adopted by the Issuer, as supplemented, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"Project Contingency Funds" means the remaining project contingency funds in the amount of \$338,000 from the Series 1999 Bonds issue.

"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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 A Bonds and Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2002 A Bonds and the Prior Bonds.

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

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

"Series 1999 Bonds" means the Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund), dated October 21, 1999, described in Section 1.02(G) hereof.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Construction Trust Fund" means the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established in the Series 2002 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2002 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2002 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 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 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means, collectively, the Expanded Project initially, and the complete existing sewage system of the Issuer, or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Expanded Project. There is hereby authorized and ordered the acquisition and construction of the Expanded Project, at an estimated cost of \$638,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Expanded Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Expanded Project is estimated to be \$638,000, of which approximately \$300,000 will be obtained from proceeds of the Series 2002 A Bonds and approximately \$338,000 will be obtained from the Project Contingency Funds.

### 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 2002 A Bonds, funding a reserve account for the Series 2002 A Bonds, paying Costs of the Expanded Project not otherwise provided for and paying certain costs of issuance of the Series 2002 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 2002 A Bonds of the Issuer. The Series 2002 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds remaining after funding of the Series 2002 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2002 A Bonds, if any, shall be deposited in or credited to the Series 2002 A Bonds 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 2002 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2002 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 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 2002 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 2002 A Bonds. The Series 2002 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 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 2002 A Bonds shall cease to be such officer of the Issuer before the Series 2002 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 2002 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002 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 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 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 2002 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 2002 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2002 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2002 A 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 canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 A 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, certain additions, betterments, improvements and extensions to the existing 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 2002 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. No holder or holders of the Series 2002 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2002 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 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 2002 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 2002 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2002 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 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 SERIES 2002 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2002 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, 20 \_\_\_\_, at the rate per annum as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system for the Issuer (the "Expanded Project"); (ii) to fund the reserve account for the Series 2002 A Bonds; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Expanded Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2002, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 21, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$5,768,297 (THE "PRIOR BONDS"). THE ISSUER ALSO HAS OUTSTANDING ITS UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, SUCCESSOR TO LONDON PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM DESIGN NOTES (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1997, AND ITS UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, SUCCESSOR TO PAINT CREEK PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM DESIGN NOTES (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1997, BOTH ISSUED ON OCTOBER 21, 1999, IN THE AGGREGATE PRINCIPAL AMOUNTS OF \$119,064 AND \$145,000, RESPECTIVELY (COLLECTIVELY, THE "PRIOR NOTES"). THE PRIOR NOTES ARE NOT SECURED BY THE NET REVENUES OF THE SYSTEM.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest 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, UPPER KANAWHA VALLEY 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 \_\_\_\_\_, 2002.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: \_\_\_\_\_, 2002.

BRANCH BANKING AND TRUST COMPANY,  
as Registrar

\_\_\_\_\_  
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 2002 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.

The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Resolution.

The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Resolution.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Expanded Project, the Issuer will file with the Authority and the Council, a schedule, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Expanded Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Resolution);
- (2) Renewal and Replacement Fund (established by the Prior Resolution); and
- (3) Series 2002 A Bonds Construction Trust Fund; and
- (4) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2002 A Bonds Sinking Fund; and
- (2) Series 2002 A Bonds Reserve Account.

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

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of interest on the Series 2002 A Bonds for which interest has not been capitalized or

as required in the Loan Agreement, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2002 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission (i) for deposit in the Series 1999 Bonds Sinking Fund, the amount required by the Prior Resolutions for the payment of principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission (i) for deposit in the Series 1999 Bonds Reserve Account the amount required by the Prior Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, if not fully funded upon issuance of the Series 2002 A Bonds, remit to the Commission for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2%

of the Gross Revenues each month (as previously set forth in the Prior Resolution and not in addition thereto), 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 Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein shall be considered Surplus Revenues and may be used for any lawful purpose of the System, including, but not limited to, the prorata payment of the principal of, and administrative fee for, the Prior Notes.

Monies in the Series 2002 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds, as the same shall become due. Monies in the Series 2002 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2002 A Bonds, as the same shall come due, when other monies in the Series 2002 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, all investment earnings on monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 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 Expanded Project, be deposited in the Series 2002 A Bonds Construction Trust Fund, and following completion of construction of the Expanded Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 A Bonds and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2002 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2002 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund or the Series 2002 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2002 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 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 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, the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds Outstanding under the conditions and restrictions set forth herein.

B. 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 the required principal, interest and reserve payments with respect to the Series 2002 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 2002 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, the payment of the principal of, and administrative fee for, the Prior Notes.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2002 A Bond Construction Trust Fund, and following completion of the Expanded Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited with the Commission in the Series 2002 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2002 A Bonds for the period commencing on the date of issuance of the Series 2002 A Bonds and ending 6 months after the estimated date of completion of construction of the Expanded Project.

B. Next, from the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Expanded Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

D. After completion of construction of the Expanded Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 A Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Expanded Project, together with such documentation as the Council shall require. Payments of all Costs of the Expanded Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2002 A Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all net proceeds of the Series 2002 A Bonds within 3 years of issuance of the State's general obligation bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2002 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. 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 Commission Order of the Public Service Commission of West Virginia entered September 22, 1999, in Case No. 98-0576-PSD-S-CN and such rates are hereby adopted.

So long as the Prior Bonds and Series 2002 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System

and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2002 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding 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 2002 A Bonds, immediately be remitted to the Commission for deposit in the Series 2002 A Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 A Bonds. Any balance remaining after the payment of the Series 2002 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 duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize

such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said 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 of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2002 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2002 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2002 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2002 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council 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 2002 A Bonds.

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

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and

security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2002 A Bonds.

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

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Expanded Project and commencement of operation thereof, or, if the Expanded 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 Council, the Authority, or any other original purchaser of the Series 2002 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 A Bonds, requesting the same, an annual report containing the following:

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2002 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

Section 7.09.      Rates. Prior to the issuance of the Series 2002 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 A Bonds, including the Prior Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Expanded 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 engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Expanded Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall provide operation and maintenance of the System in compliance with state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14.      No Free Services. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the

Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Expanded Project on a 100% basis (completed value form) on the insurable portion of the Expanded 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 Expanded Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Expanded 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 Expanded Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Expanded Project to carry such worker's compensation coverage for all employees working on the Expanded 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 Expanded Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. 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. The Issuer shall verify such bonds prior to commencement of construction.

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Expanded Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Expanded Project and the operation of the System and all approvals for the issuance of the Series 2002 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Expanded Project, or if the Series 2002 A Bonds are for the purpose of financing more than one project, a portion of the Expanded Project, and shall not exceed the proceeds used for the governmental use of the portion of the Expanded 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 2002 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 2002 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 2002 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 2002 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 2002 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 2002 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement,

this Bond Legislation and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Expanded Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2002 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2002 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Expanded Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Expanded Project.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2002 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 2002 A Bonds which would cause the Series 2002 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 2002 A Bonds) so that the interest on the Series 2002 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 2002 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 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 shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2002 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2002 A 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 2002 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2002 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 2002 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 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.

(4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2002 A Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2002 A 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 Series 2002 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Series 2002 A Bonds shall be on a parity with the lien of the holders of the Prior Bonds.

Section 9.03.      Appointment of Receiver. Any Registered Owner of a Series 2002 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 Expanded 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 Series 2002 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 Expanded 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 Series 2002 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2002 A 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 2002 A 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 Expanded Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01.      Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 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 the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 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, if any, on the Series 2002 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01.     Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 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 the Series 2002 A 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 2002 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 2002 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 2002 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 respective resolutions authorizing the Prior Bonds and the Prior Notes (the "Notes"), the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds and the Prior Notes are Outstanding.

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

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

- (a) The maximum amount of the Series 2002 A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2002 A Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 19th day of February, 2002.

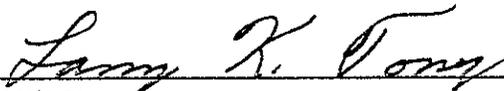
  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT on the 19th day of February, 2002.

Dated: March 15, 2002.

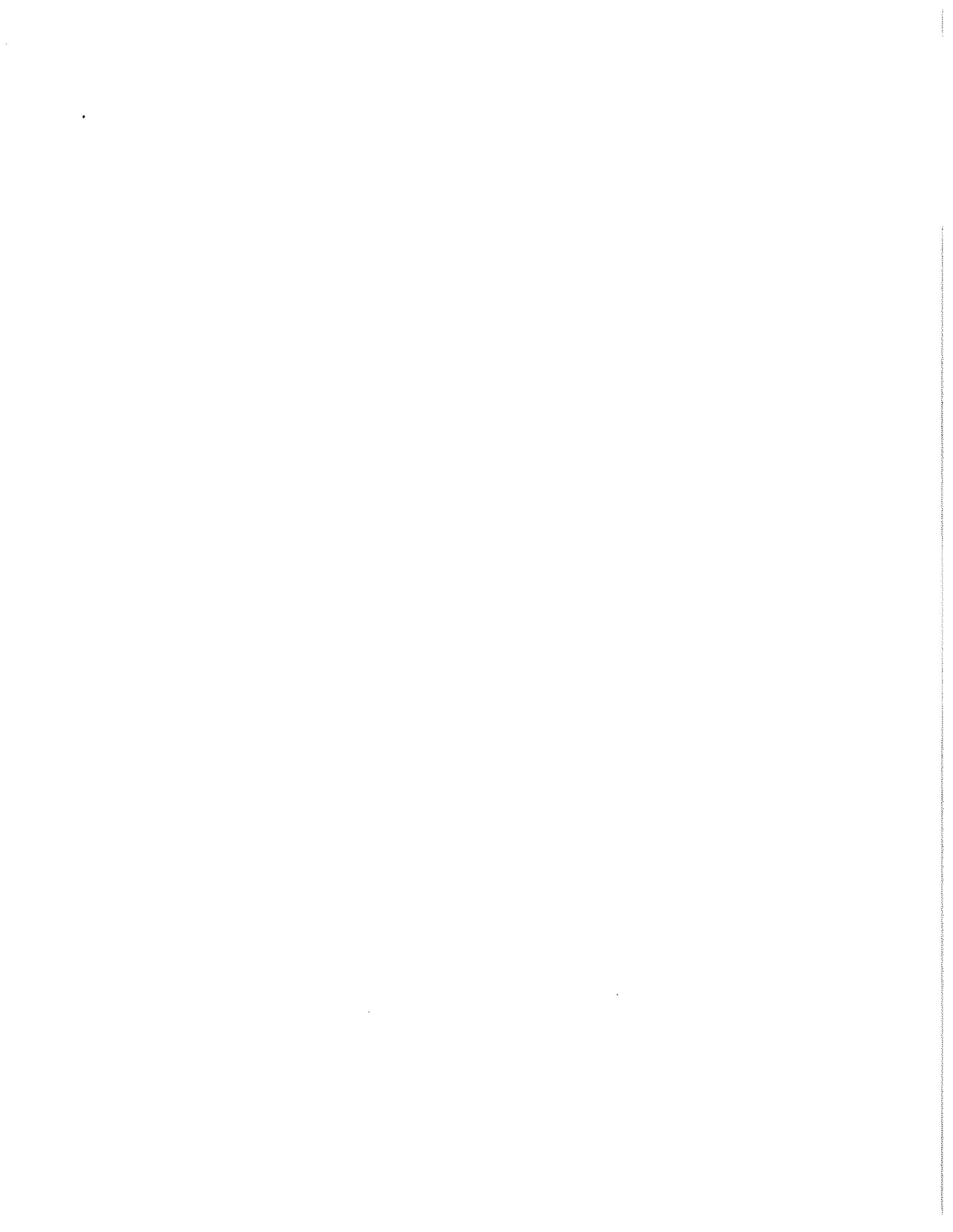
[SEAL]

  
Secretary

03/05/02  
924750.00001

EXHIBIT A

Loan Agreement included in bond transcript as Document 4.



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE 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 Upper Kanawha Valley Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective February 19, 2002 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC SEWERAGE SYSTEM OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT AND THE REPAYMENT OF CERTAIN OUTSTANDING INDEBTEDNESS OF THE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO

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

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer in the aggregate principal amount not to exceed \$300,000 (the "Bonds" or the "Series 2002 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Bonds, including all schedules and exhibits attached thereto by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates, the sale price and other terms 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 UPPER KANAWHA VALLEY 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 2002 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$300,000. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature on March 1, 2032, and shall bear interest at the rate of .5% per annum. The principal of and interest on the Series 2002 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2003, and ending March 1, 2032 in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2002 A Bonds. The Series 2002 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 A Bonds.

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

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

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate The City National Bank of West Virginia, Montgomery, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2002 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 A Bonds shall be deposited in the Series 2002 A Bonds Construction Trust Fund as received from time to time for payment of the costs of the Expanded Project, including, without limitation, costs of issuance of the Series 2002 A Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about March 15, 2002, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Expanded Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2002 A Bonds Sinking Fund, including the Series 2002 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the 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 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of February, 2002.

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

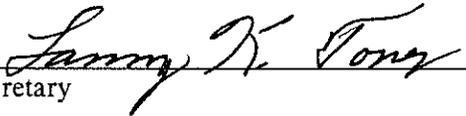
  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Upper Kanawha Valley Public Service District on the 19th day of February, 2002.

Dated: March 15, 2002.

[SEAL]

  
Secretary

02/13/02  
924750/00001

IC-1  
(10/2/01)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT  
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

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

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

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

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined,

to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

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

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

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

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

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

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

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

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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

#### ARTICLE IV

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

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

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third ( $\frac{1}{3}$ )

of the interest payment next coming due on the Local Bonds and one-third ( $\frac{1}{3}$ ) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth ( $\frac{1}{12}$ ) of one-tenth ( $\frac{1}{10}$ ) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(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 is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent ( $110\%$ ) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xvii) That the Governmental Agency 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 the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, 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 and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

## ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council prior written notice of the issuance by it 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 otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in

substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

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

7.2 Schedules X and 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

7.4 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.

7.5 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.

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

(SEAL)

Attest:

Larry K. Tong  
Its: Secretary

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

By: Larry M. Mc...  
Its: Chairperson

Date: 3-5-02

(SEAL)

Attest:

Barbara B. Meadows  
Its: Secretary-Treasurer

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By: Daniel B. Yankosky  
Its: Director

Date: 3/06/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

I, \_\_\_\_\_, Registered Professional Engineer, West Virginia License No. \_\_\_\_\_, of \_\_\_\_\_, Consulting Engineers, \_\_\_\_\_, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of \_\_\_\_\_ to the \_\_\_\_\_ system (the "Project") of \_\_\_\_\_ (the "Issuer"), to be constructed primarily in \_\_\_\_\_ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond \_\_\_\_\_ adopted or enacted by the Issuer on \_\_\_\_\_, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated \_\_\_\_\_.

2. The Bonds are being issued for the purposes of (i) \_\_\_\_\_, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least \_\_\_\_\_ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan

of financing set forth in the Schedule B attached hereto as Exhibit A and my firm<sup>1</sup> has ascertained that all successful bidders 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 for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) 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 and operation of the System; (ix) as of the effective date thereof, <sup>2</sup>the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_, Esq.] and delete "my firm has ascertained that".

<sup>2</sup>If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of \_\_\_\_\_ of even date herewith," at the beginning of (ix).

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and  
Jobs Development Council  
980 One Valley Square  
Charleston, West Virginia 25301

West Virginia Water Development Authority  
180 Association Drive  
Charleston, West Virginia 25311

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated \_\_\_\_\_, \_\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, \_\_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$\_\_\_\_\_, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning \_\_\_\_\_, 1, \_\_\_\_\_, and ending \_\_\_\_\_, 1, \_\_\_\_\_, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) \_\_\_\_\_, and (ii) 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 adopted or enacted by the Governmental Agency on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and validly existing \_\_\_\_\_, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency enforceable against the Governmental Agency in accordance with their terms. 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 have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

Very truly yours,

EXHIBIT C

[Form of Monthly Financial Report]

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - \_\_

Report Month: \_\_\_\_\_

<u>ITEM</u>	<u>TOTAL</u>		<u>BUDGET</u>	
	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>YEAR MINUS YEAR TO DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

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

[Name of Governmental Agency]

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

## Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $1200/12$ ). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. Any administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $900/12$ ). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.
6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

West Virginia Water Development Authority  
180 Association Drive  
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	\$_____
Principal	\$_____
Total:	\$_____
Reserve Account:	\$_____

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$300,000
Purchase Price of Local Bonds	\$300,000

The Local Bonds shall bear no interest from the date of delivery to December 1, 2002. Interest on the Local Bonds commences accruing on December 1, 2002, and is payable quarterly, at the rate of 0.5% per annum. Commencing March 1, 2003, principal of and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

As of the date of the closing, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

\$5,768,297 Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund), dated October 21, 1999.

The Local Bonds are senior as to liens, pledge and source of and security for payment to the Governmental Agency's:

\$119,064 Sewer System Design Notes, Series 1997A, dated October 21, 1999  
\$145,000 Sewer System Design Notes, Series 1997B, dated October 21, 1999.

SCHEDULE Y

[Debt Service Schedule]

**Upper Kanawha Valley Public Service District**

Loan of \$300,000  
30 Years, 1/2% Interest Rate  
Closing Date: March 15, 2002

**SOURCES & USES**

**Dated 03/15/2002**

**Delivered 03/15/2002**

**SOURCES OF FUNDS**

Par Amount of Bonds.....	\$300,000.00
Accrued Interest from 03/15/2002 to 03/15/2002.....	(1,066.67)
<b>TOTAL SOURCES.....</b>	<b>\$298,933.33</b>

**USES OF FUNDS**

Deposit to Debt Service Fund.....	(1,066.67)
Deposit to Project Construction Fund.....	300,000.00
<b>TOTAL USES.....</b>	<b>\$298,933.33</b>

**Upper Kanawha Valley Public Service District**

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+i
6/01/2002	-	-	-	-
9/01/2002	-	-	-	-
12/01/2002	-	-	-	-
3/01/2003	2,383.00	0.500%	375.00	2,758.00
6/01/2003	2,386.00	0.500%	372.02	2,758.02
9/01/2003	2,389.00	0.500%	369.04	2,758.04
12/01/2003	2,392.00	0.500%	366.05	2,758.05
3/01/2004	2,395.00	0.500%	363.06	2,758.06
6/01/2004	2,398.00	0.500%	360.07	2,758.07
9/01/2004	2,401.00	0.500%	357.07	2,758.07
12/01/2004	2,404.00	0.500%	354.07	2,758.07
3/01/2005	2,407.00	0.500%	351.07	2,758.07
6/01/2005	2,410.00	0.500%	348.06	2,758.06
9/01/2005	2,413.00	0.500%	345.04	2,758.04
12/01/2005	2,416.00	0.500%	342.03	2,758.03
3/01/2006	2,419.00	0.500%	339.01	2,758.01
6/01/2006	2,422.00	0.500%	335.98	2,757.98
9/01/2006	2,425.00	0.500%	332.96	2,757.96
12/01/2006	2,428.00	0.500%	329.93	2,757.93
3/01/2007	2,431.00	0.500%	326.89	2,757.89
6/01/2007	2,434.00	0.500%	323.85	2,757.85
9/01/2007	2,437.00	0.500%	320.81	2,757.81
12/01/2007	2,440.00	0.500%	317.76	2,757.76
3/01/2008	2,443.00	0.500%	314.71	2,757.71
6/01/2008	2,446.00	0.500%	311.66	2,757.66
9/01/2008	2,449.00	0.500%	308.60	2,757.60
12/01/2008	2,452.00	0.500%	305.54	2,757.54
3/01/2009	2,455.00	0.500%	302.48	2,757.48
6/01/2009	2,458.00	0.500%	299.41	2,757.41
9/01/2009	2,461.00	0.500%	296.33	2,757.33
12/01/2009	2,464.00	0.500%	293.26	2,757.26
3/01/2010	2,468.00	0.500%	290.18	2,758.18
6/01/2010	2,471.00	0.500%	287.09	2,758.09
9/01/2010	2,474.00	0.500%	284.00	2,758.00
12/01/2010	2,477.00	0.500%	280.91	2,757.91
3/01/2011	2,480.00	0.500%	277.82	2,757.82
6/01/2011	2,483.00	0.500%	274.72	2,757.72
9/01/2011	2,486.00	0.500%	271.61	2,757.61
12/01/2011	2,489.00	0.500%	268.50	2,757.50
3/01/2012	2,492.00	0.500%	265.39	2,757.39
6/01/2012	2,495.00	0.500%	262.28	2,757.28
9/01/2012	2,499.00	0.500%	259.16	2,758.16
12/01/2012	2,502.00	0.500%	256.04	2,758.04
3/01/2013	2,505.00	0.500%	252.91	2,757.91
6/01/2013	2,508.00	0.500%	249.78	2,757.78
9/01/2013	2,511.00	0.500%	246.64	2,757.64
12/01/2013	2,514.00	0.500%	243.50	2,757.50

**Upper Kanawha Valley Public Service District**

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I
3/01/2014	2,517.00	0.500%	240.36	2,757.36
6/01/2014	2,521.00	0.500%	237.21	2,758.21
9/01/2014	2,524.00	0.500%	234.06	2,758.06
12/01/2014	2,527.00	0.500%	230.91	2,757.91
3/01/2015	2,530.00	0.500%	227.75	2,757.75
6/01/2015	2,533.00	0.500%	224.59	2,757.59
9/01/2015	2,536.00	0.500%	221.42	2,757.42
12/01/2015	2,539.00	0.500%	218.25	2,757.25
3/01/2016	2,543.00	0.500%	215.08	2,758.08
6/01/2016	2,546.00	0.500%	211.90	2,757.90
9/01/2016	2,549.00	0.500%	208.72	2,757.72
12/01/2016	2,552.00	0.500%	205.53	2,757.53
3/01/2017	2,555.00	0.500%	202.34	2,757.34
6/01/2017	2,559.00	0.500%	199.15	2,758.15
9/01/2017	2,562.00	0.500%	195.95	2,757.95
12/01/2017	2,565.00	0.500%	192.74	2,757.74
3/01/2018	2,568.00	0.500%	189.54	2,757.54
6/01/2018	2,571.00	0.500%	186.33	2,757.33
9/01/2018	2,575.00	0.500%	183.11	2,758.11
12/01/2018	2,578.00	0.500%	179.90	2,757.90
3/01/2019	2,581.00	0.500%	176.67	2,757.67
6/01/2019	2,584.00	0.500%	173.45	2,757.45
9/01/2019	2,588.00	0.500%	170.22	2,758.22
12/01/2019	2,591.00	0.500%	166.98	2,757.98
3/01/2020	2,594.00	0.500%	163.74	2,757.74
6/01/2020	2,597.00	0.500%	160.50	2,757.50
9/01/2020	2,600.00	0.500%	157.25	2,757.25
12/01/2020	2,604.00	0.500%	154.00	2,758.00
3/01/2021	2,607.00	0.500%	150.75	2,757.75
6/01/2021	2,610.00	0.500%	147.49	2,757.49
9/01/2021	2,614.00	0.500%	144.23	2,758.23
12/01/2021	2,617.00	0.500%	140.96	2,757.96
3/01/2022	2,620.00	0.500%	137.69	2,757.69
6/01/2022	2,623.00	0.500%	134.41	2,757.41
9/01/2022	2,627.00	0.500%	131.14	2,758.14
12/01/2022	2,630.00	0.500%	127.85	2,757.85
3/01/2023	2,633.00	0.500%	124.56	2,757.56
6/01/2023	2,636.00	0.500%	121.27	2,757.27
9/01/2023	2,640.00	0.500%	117.98	2,757.98
12/01/2023	2,643.00	0.500%	114.68	2,757.68
3/01/2024	2,646.00	0.500%	111.37	2,757.37
6/01/2024	2,650.00	0.500%	108.07	2,758.07
9/01/2024	2,653.00	0.500%	104.75	2,757.75
12/01/2024	2,656.00	0.500%	101.44	2,757.44
3/01/2025	2,660.00	0.500%	98.12	2,758.12
6/01/2025	2,663.00	0.500%	94.79	2,757.79
9/01/2025	2,666.00	0.500%	91.46	2,757.46

**Upper Kanawha Valley Public Service District**

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I
12/01/2025	2,670.00	0.500%	88.13	2,758.13
3/01/2026	2,673.00	0.500%	84.79	2,757.79
6/01/2026	2,676.00	0.500%	81.45	2,757.45
9/01/2026	2,680.00	0.500%	78.11	2,758.11
12/01/2026	2,683.00	0.500%	74.76	2,757.76
3/01/2027	2,686.00	0.500%	71.40	2,757.40
6/01/2027	2,690.00	0.500%	68.05	2,758.05
9/01/2027	2,693.00	0.500%	64.68	2,757.68
12/01/2027	2,696.00	0.500%	61.32	2,757.32
3/01/2028	2,700.00	0.500%	57.95	2,757.95
6/01/2028	2,703.00	0.500%	54.57	2,757.57
9/01/2028	2,707.00	0.500%	51.19	2,758.19
12/01/2028	2,710.00	0.500%	47.81	2,757.81
3/01/2029	2,713.00	0.500%	44.42	2,757.42
6/01/2029	2,717.00	0.500%	41.03	2,758.03
9/01/2029	2,720.00	0.500%	37.64	2,757.64
12/01/2029	2,723.00	0.500%	34.24	2,757.24
3/01/2030	2,727.00	0.500%	30.83	2,757.83
6/01/2030	2,730.00	0.500%	27.42	2,757.42
9/01/2030	2,734.00	0.500%	24.01	2,758.01
12/01/2030	2,737.00	0.500%	20.59	2,757.59
3/01/2031	2,741.00	0.500%	17.17	2,758.17
6/01/2031	2,744.00	0.500%	13.75	2,757.75
9/01/2031	2,747.00	0.500%	10.32	2,757.32
12/01/2031	2,751.00	0.500%	6.88	2,757.88
3/01/2032	2,754.00	0.500%	3.44	2,757.44
<b>Total</b>	<b>300,000.00</b>	<b>-</b>	<b>22,658.90</b>	<b>322,658.90</b>

**YIELD STATISTICS**

Accrued Interest from 03/15/2002 to 03/15/2002.....	(1,066.67)
Bond Year Dollars.....	\$4,745.11
Average Life.....	15.817 Years
Average Coupon.....	0.4775215%
Net Interest Cost (NIC).....	0.4775215%
True Interest Cost (TIC).....	0.5003702%
Bond Yield for Arbitrage Purposes.....	0.5003702%
All Inclusive Cost (AIC).....	0.5003702%

**IRS FORM 8038**

Net Interest Cost.....	0.5000009%
Weighted Average Maturity.....	15.817 Years

SCHEDULE Z

None.

# West Virginia Infrastructure & Jobs Development Council

---

**Public Members:**

James D. Williams, Chairman

St. Albans

William J. Harman, PE, Vice Chairman

Grafton

Dwight Calhoun

Petersburg

William P. Stafford, II, Esq.

Princeton

300 Summers Street, Suite 980

Charleston, West Virginia 25301

Telephone: (304) 558-4607

Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary

KMallory@ezwv.com

March 8, 2001

Mr. Larry McMichen, Chairman

Upper Kanawha Valley PSD

P.O. Box 336

Gallagher, West Virginia 25083

Re: Binding Commitment Letter  
Sewer System Project  
Project 96S-209/249

Dear Mr. McMichen:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") at its March 7, 2001 meeting reviewed the Upper Kanawha Valley Public Service District's (the "District") request to utilize approximately \$381,000 of remaining project contingency funds and a binding commitment for an additional Infrastructure Fund loan of \$300,000 at 0.5% for no more than 30 years to extend sewer service to the Morton Travel Plaza. (The "Project")

Upon consideration of the request, the Infrastructure Council provides this binding offer of a loan of approximately \$300,000 (the "Loan") and approves the use of the remaining contingency dollars to the District for the Project contingent upon the approval from the Public Service Commission. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The Loan agreement will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

The Authority will enter into a Loan agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing the Project; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

Larry McMichen

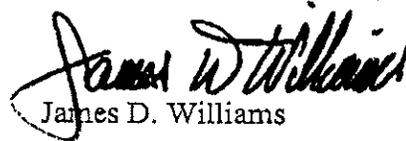
March 8, 2001

Page 2

No statements or representations made before or after the issuance of this contingent Loan commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Loan commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this Loan commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

  
James D. Williams

JDW/km  
Attachment

cc: Region III Planning & Development  
Paul Ghosh, Ghosh Engineering  
Mike Johnson, DEP

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Infrastructure Council.

Upper Kanawha Valley Public Service District

By: Larry K. Torrey

Its: Secretary/Treasurer

Date: 3-17-01

**WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL**

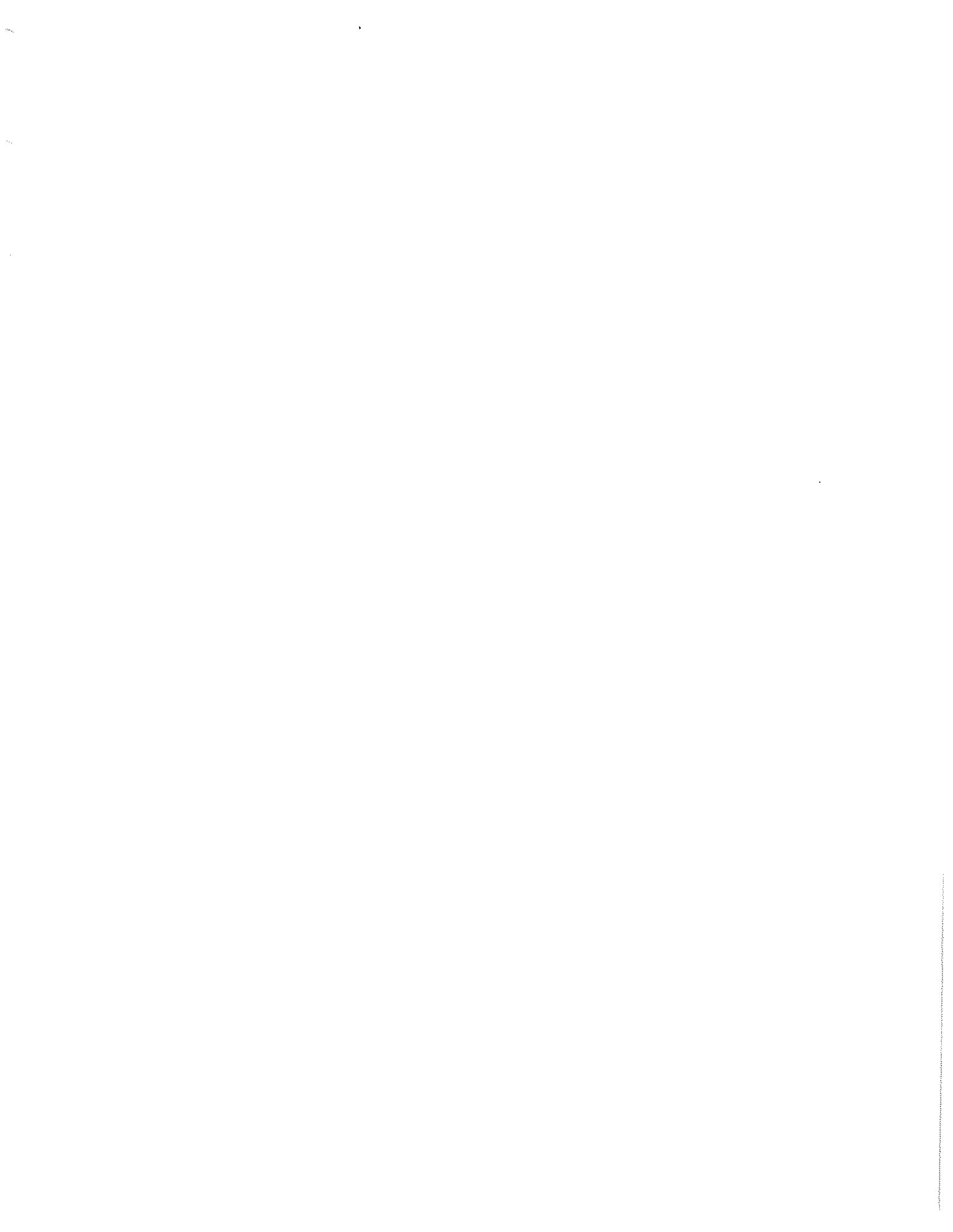
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Upper Kanawha Valley Public Service District  
Sewer Project  
Project 96S-209/249  
March 8, 2001

**SCHEDULE A**

A.	Approximate Amount:	\$300,000	Loan
B.	Loan:	\$300,000	
	1.	Interest Rate	0.5%
	2.	Maturity Date:	30 years from date of closing
	3.	Loan Advancement Date(s):	Monthly, upon receipt of proper requisition.
	4.	Debt Service Commencement:	The quarter following completion of construction, which date must be identified prior to loan closing.
	5.	Special Conditions:	None
C.	Other Funding Sources:		
	IJDC project contingency*	\$381,000	
D.	Total Project Cost	\$ 681,000	
		<i>\$32.04 L.R.V.</i>	
E.	User Rates:	<del>\$32.22</del> / 4500 gallons	

\*Note: This commitment is additional commitment to previous loan and grant to Upper Kanawha Valley PSD. Project is near completion and there are remaining funds in project contingency. Infrastructure Council's prior commitment for total project was \$5,768,297 loan and \$3,840,000 grant. Other sources of funding was the Kanawha County Commission grant of \$492,195.



**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 7th day of November, 2001.

CASE NO. 98-0576-PSD-S-CN [REOPENED]

TOWN OF PRATT,  
a municipal corporation,

and

UPPER KANAWHA VALLEY PUBLIC SERVICE  
DISTRICT

Joint application for a certificate of convenience and necessity to upgrade the Town of Pratt's wastewater treatment plant and sewer system and to construct a sanitary sewer system within the Upper Kanawha Valley Public Service District's service territory established by the County Commission of Kanawha County.

**COMMISSION ORDER**

This is before the Commission on the Town of Pratt's (Town's) and the Upper Kanawha Valley Public Service District's (District's) petition to reopen the above-styled certificate case to request approval to use the remaining funds to extend service to the West Virginia Parkways Economic Development and Tourism Authority's Morton Travel Plaza and Standard Maintenance Garage. For reasons explained below, the Commission will approve the Town's and District's request to expand the scope of the original project.

On October 25, 2001, Staff filed a Final Joint Staff Memorandum in which it stated that it is satisfied that the extension to the Morton Travel Plaza and the Standard Maintenance Garage is convenient and necessary. Staff noted that the proposed extension will not increase current rates and charges. Staff further noted that the West Virginia Parkways Economic Development and Tourism Authority wants the extension because currently these two facilities are served by a package treatment plant which the West Virginia Department of Environmental Protection states has violated the NPDES permit. Staff explained that once the extension is complete, the package treatment plant can be taken out of service. Staff noted that the extension to the Morton Travel Plaza and the Standard Maintenance Garage will provide a source of additional revenue to the District. Staff stated that in its opinion the rates included in the Memorandum of Understanding will cover the additional debt service and all cost incurred by the District in providing service to these two facilities. Thus, Staff recommended that the Commission grant the Town's and District's request to reopen the certificate case for approval to expand the scope of the original project to include the extension of the District's sewage collection system to the Morton Travel Plaza and the adjacent Standard Maintenance Garage.

### DISCUSSION

Upon review, the Commission concludes that it is reasonable to grant the Town's and District's request to expand the original scope of the project to include the extension of the District's sewage collection system to the Morton Travel Plaza and Standard Maintenance Garage pursuant to W. Va. Code § 24-2-11. The extension is needed since there have been violations of the NPDES permit at the package treatment plant. Moreover, the extension will not affect the rates of the District's current customers. The Commission will also approve the financing of the extension, which is more specifically described above. The Commission notes that if there are further changes in the project's design, scope or financing, the District and Town must petition the Commission for approval of those changes.

### FINDINGS OF FACT

1. The District and Town filed a petition to reopen requesting that the Commission approve of them using funds remaining from the original project for which the District and Town were granted a certificate of convenience and necessity in an order entered on April 23, 1999, to extend service to the Morton Travel Plaza and the Standard Maintenance Garage. The total estimated cost of extending this service is \$681,000. The District stated that the Infrastructure and Jobs Development Council has approved of the District's use of the \$381,000 of remaining project contingency funds and has provided a binding offer of a \$300,000 loan at 0.5% interest payable over 30 years to finance the extension of service. The District further stated that its additional debt service and the

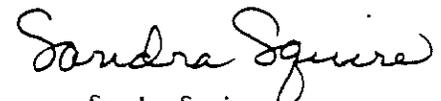
IT IS FURTHER ORDERED that if there are further changes in the project's design, scope or financing, the District and Town must petition the Commission for approval of those changes.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

LJA/ljm  
980576cb.wpd

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 16th day of January, 2002.

CASE NO. 98-0576-PSD-S-CN

TOWN OF PRATT,  
a municipal corporation,

and

~~UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT~~

Joint application for a certificate of convenience and necessity to upgrade the Town of Pratt's wastewater treatment plant and sewer system and to construct a sanitary sewer system within the Upper Kanawha Valley Public Service District's service territory established by the County Commission of Kanawha County.

**CORRECTIVE ORDER**

By Order issued November 7, 2001, the Commission granted a request filed by the Town of Pratt (Town) and Upper Kanawha Valley Public Service District (District) to expand the original scope of this certificated project to include the extension of the District's sewage collection system to the Morton Travel Plaza and Standard Maintenance Garage pursuant to W. Va. Code § 24-2-11. The Commission also approved financing of the extension in the form of \$381,000 of remaining project contingency funds from the Infrastructure and Jobs Development Council (IJDC) and a \$300,000 IJDC loan at 0.5% interest payable over 30 years. The extension would have no rate impact on the District's current customers.

On December 26, 2001, the Town and the District filed a Petition for Modification of the Order to correct a clerical error. The parties explained that while the Commission's order is consistent with the request originally made by the parties in their petition to reopen this case, the parties later amended their request and indicated that they expected lower project costs of \$638,000, to be financed by IJDC contingency funds of \$338,000

and a \$300,000 IJDC loan. Commission Staff's memorandum filed on October 25, 2001, recommended approval of the amended financing requests, but that memorandum was mis-read by the Commission.

Based on the foregoing, and to meet current closing schedules, the parties requested that the Commission issue a corrective order on or before January 17, 2002.

By Initial and Final Joint Staff Memorandum filed January 10, 2002, Commission Staff agreed with the Town and the District and recommended that the Commission issue the requested corrective order.

### **DISCUSSION**

The Commission agrees with the Town, the District, and Staff that it should issue a corrective order that (1) approves project costs related to extension of service to Morton Travel Plaza and Standard Maintenance Garage, of \$638,000 instead of the \$681,000 approved in the November 7, 2001, Order; and (2) approving project financing of IJDC contingency funds of \$338,000 and a \$300,000 IJDC loan at 0.5% interest payable over 30 years, instead of IJDC contingency funds of \$381,000.

### **FINDINGS OF FACT**

1. The Commission's November 7, 2001, approval of proposed project costs and financing was based on a mis-reading of Commission Staff's October 25, 2001, Final Joint Staff Memorandum.

2. The Town and the District request that the Commission's November 7, 2001, Order be corrected to reflect the amended project costs and financing.

### **CONCLUSION OF LAW**

The Commission should issue a corrective order that (1) approves project costs related to extension of service to Morton Travel Plaza and Standard Maintenance Garage, of \$638,000 instead of the \$681,000 approved in the November 7, 2001, Order; and (2) approving project financing of IJDC contingency funds of \$338,000 and a \$300,000 IJDC loan at 0.5% interest payable over 30 years, instead of IJDC contingency funds of \$381,000.

**ORDER**

IT IS THEREFORE ORDERED that the Order issued November 7, 2001, is hereby corrected to approve project costs related to extension of service to Morton Travel Plaza and Standard Maintenance Garage, of \$638,000; and to approve project financing of IJDC contingency funds of \$338,000 and a \$300,000 IJDC loan at 0.5% interest payable over 30 years.

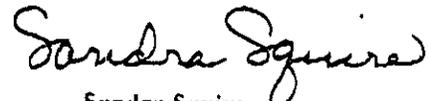
IT IS FURTHER ORDERED that except as corrected herein, the November 7, 2001, Order shall remain in force and effect.

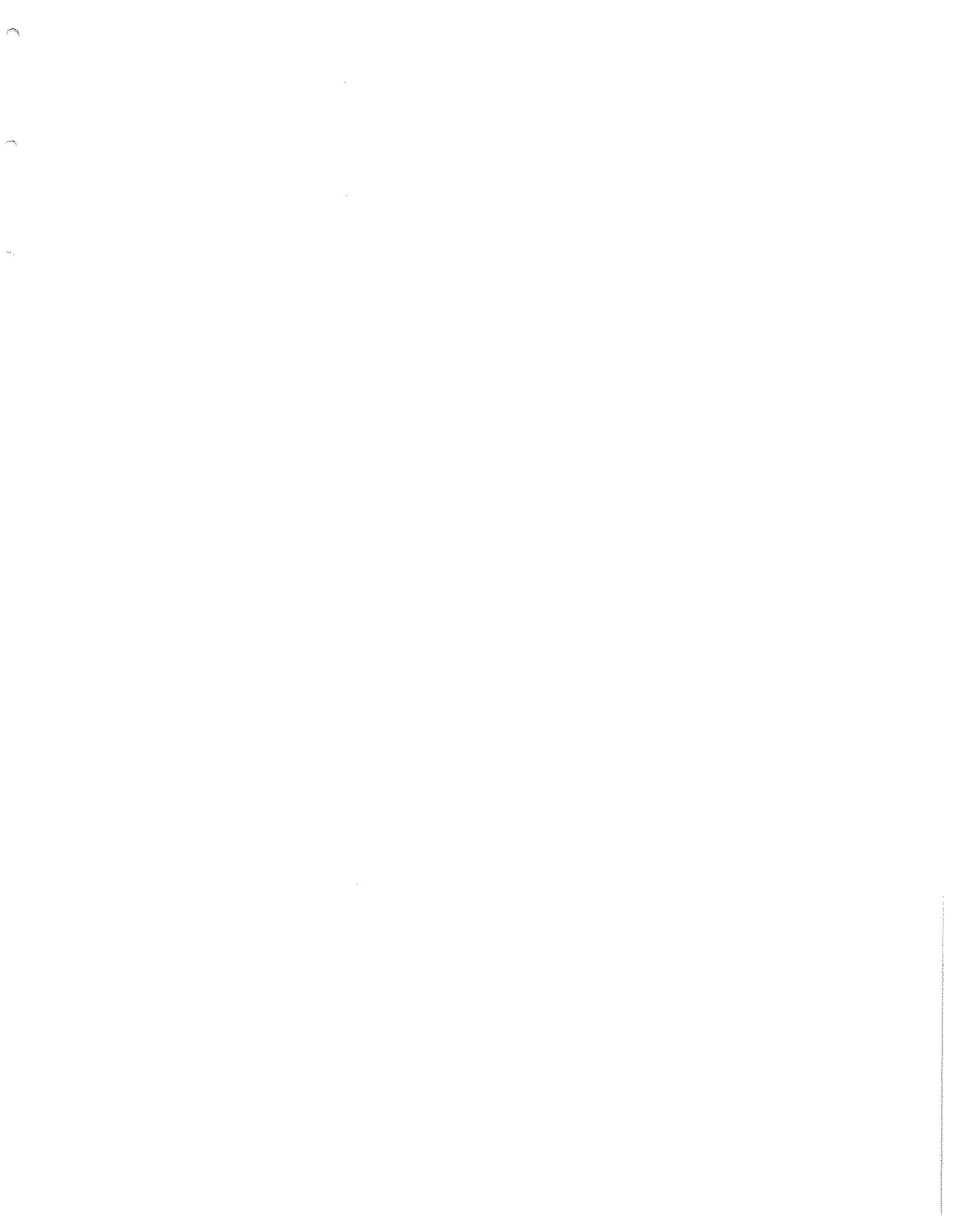
IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

JML/ljm  
980576cc.wpd

A True Copy. Teste:

  
Sandra Squire  
Executive Secretary



# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

James D. Williams, Chairman  
St. Albans  
William J. Harman, PE, Vice Chairman  
Grafton  
Dwight Calhoun  
Petersburg  
William P. Stafford, II, Esq.  
Princeton

300 Summers Street, Suite 980  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Katy Mallory, PE  
Executive Secretary

KMallory@ezwv.com

March 8, 2001

Mr. Larry McMichen, Chairman  
Upper Kanawha Valley PSD  
P.O. Box 336  
Gallagher, West Virginia 25083

Re: Binding Commitment Letter  
Sewer System Project  
Project 96S-209/249

Dear Mr. McMichen:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") at its March 7, 2001 meeting reviewed the Upper Kanawha Valley Public Service District's (the "District") request to utilize approximately \$381,000 of remaining project contingency funds and a binding commitment for an additional Infrastructure Fund loan of \$300,000 at 0.5% for no more than 30 years to extend sewer service to the Morton Travel Plaza. (The "Project")

Upon consideration of the request, the Infrastructure Council provides this binding offer of a loan of approximately \$300,000 (the "Loan") and approves the use of the remaining contingency dollars to the District for the Project contingent upon the approval from the Public Service Commission. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The Loan agreement will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

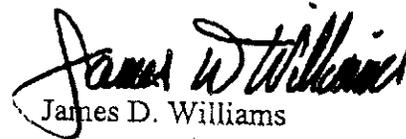
The Authority will enter into a Loan agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing the Project; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

Larry McMichen  
March 8, 2001  
Page 2

No statements or representations made before or after the issuance of this contingent Loan commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Loan commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this Loan commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,



James D. Williams

JDW/km  
Attachment

cc: Region III Planning & Development  
Paul Ghosh, Ghosh Engineering  
Mike Johnson, DEP

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Infrastructure Council.

Upper Kanawha Valley Public Service District

By: Larry K. Torrey

Its: Secretary/Treasurer

Date: 3-17-01

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**WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL**

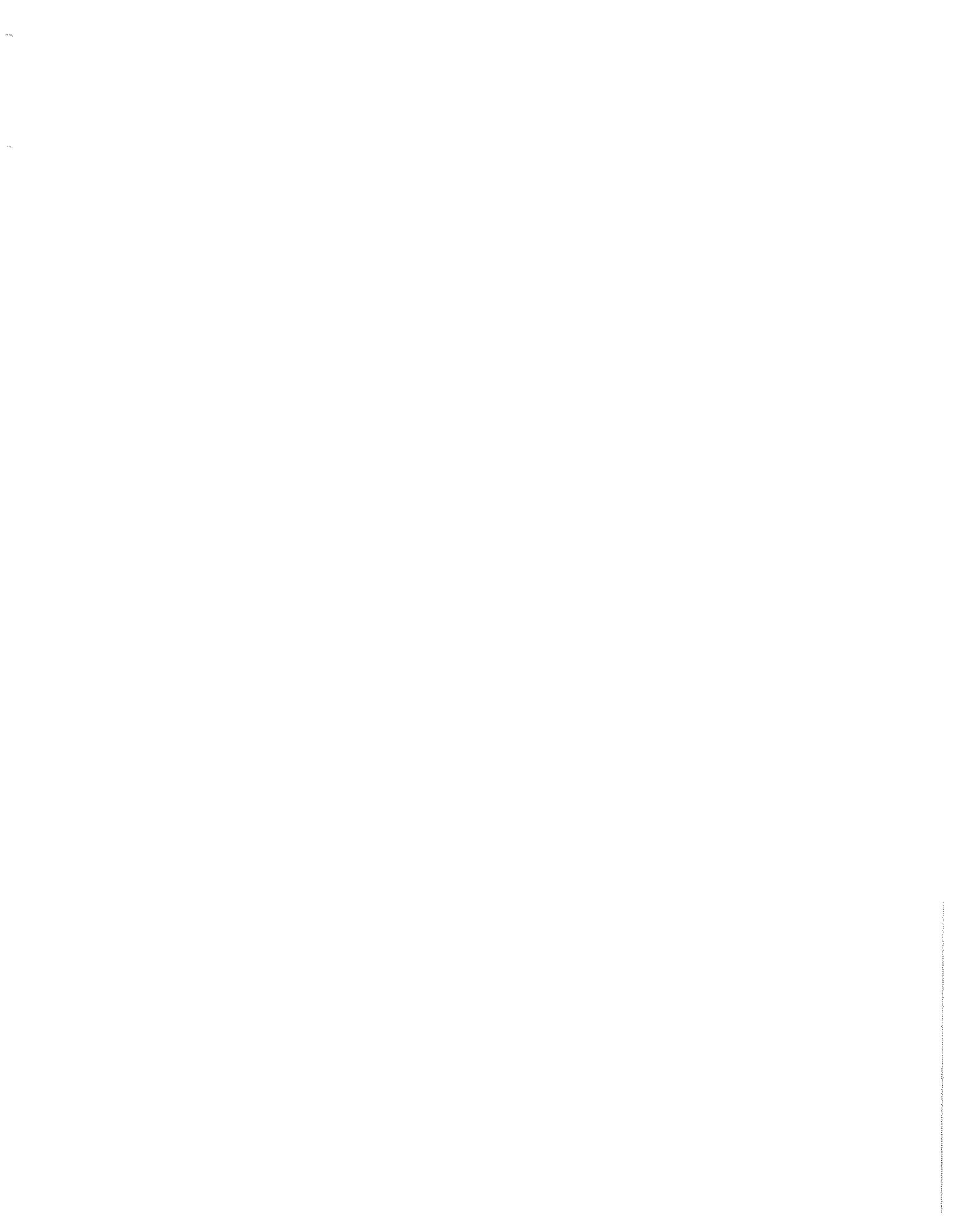
Upper Kanawha Valley Public Service District  
 Sewer Project  
 Project 96S-209/249  
 March 8, 2001

**SCHEDULE A**

A.	Approximate Amount:	\$300,000	Loan
B.	Loan:	\$300,000	
	1. Interest Rate		0.5%
	2. Maturity Date:		30 years from date of closing
	3. Loan Advancement Date(s):		Monthly, upon receipt of proper requisition.
	4. Debt Service Commencement:		The quarter following completion of construction, which date must be identified prior to loan closing.
	5. Special Conditions:		None
C.	Other Funding Sources:		
	IJDC project contingency*	\$381,000	
D.	Total Project Cost	\$ 681,000	
		<i>\$32.04 L.K.V.</i>	
E.	User Rates:	<del>\$32.22</del> / 4500 gallons	

\*Note: This commitment is additional commitment to previous loan and grant to Upper Kanawha Valley PSD. Project is near completion and there are remaining funds in project contingency. Infrastructure Council's prior commitment for total project was \$5,768,297 loan and \$3,840,000 grant. Other sources of funding was the Kanawha County Commission grant of \$492,195.

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UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A

(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

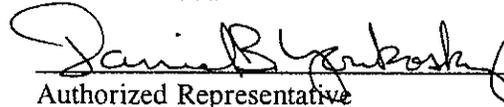
1. On the 15th day of March, 2002, the Authority received the Upper Kanawha Valley Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), issued in the principal amount of \$300,000, as a single, fully registered Bond, numbered AR-1 and dated March 15, 2002 (the "Bonds").

2. At the time of such receipt, the Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

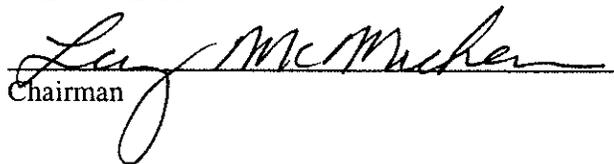
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the sum of \$11,000.00 being a portion of the principal amount of the Series 2002 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the Council as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 15th day of March, 2002.

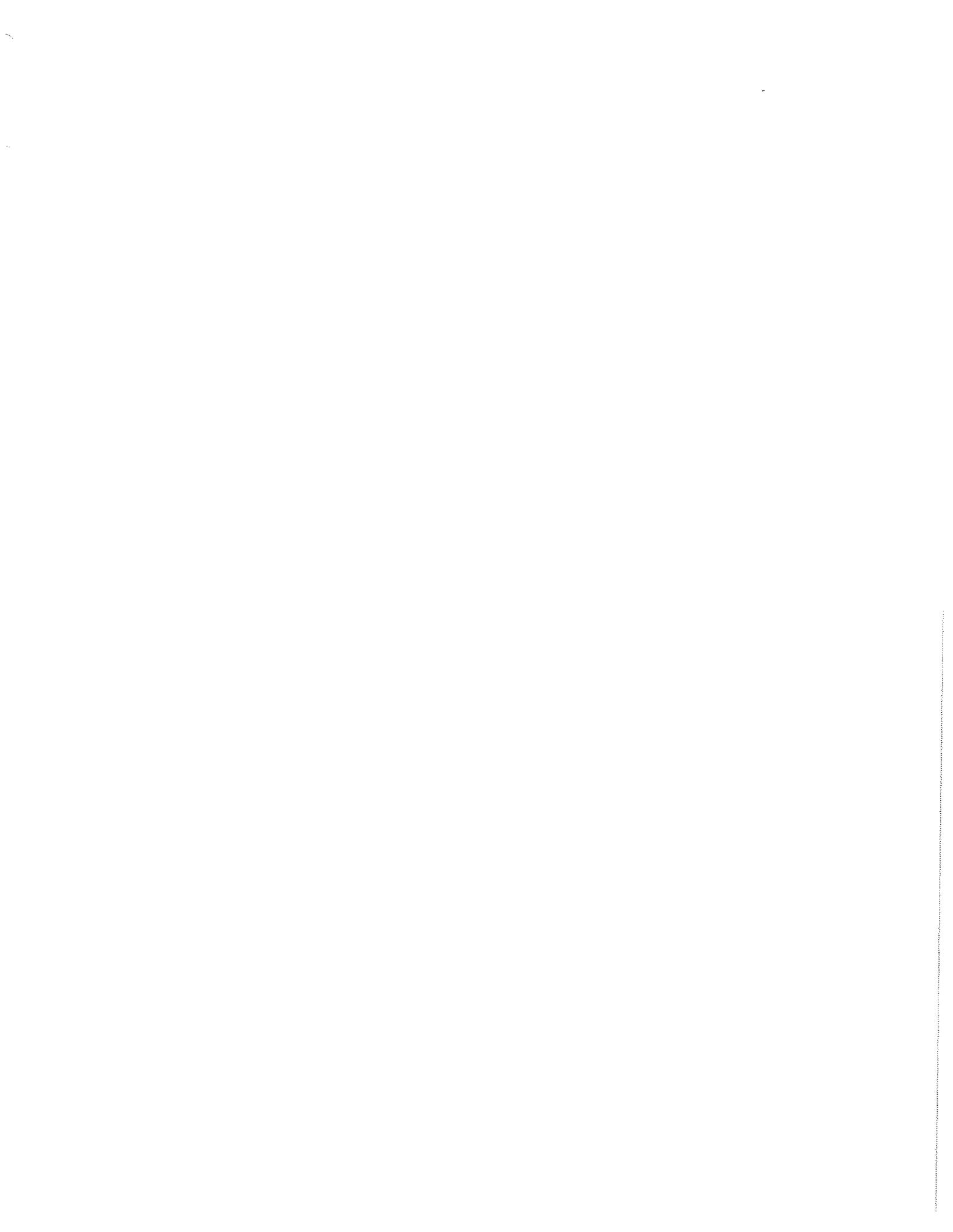
WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

  
Chairman

03/05/02  
924750.00001



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company,  
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 Upper Kanawha Valley Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in the principal amount of \$300,000, dated March 15, 2002 (the "Bonds"), executed by the Chairman and Secretary of Upper Kanawha Valley 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 a Supplemental Resolution, both duly adopted by the Issuer on February 19, 2002 (the "Bond Legislation");

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

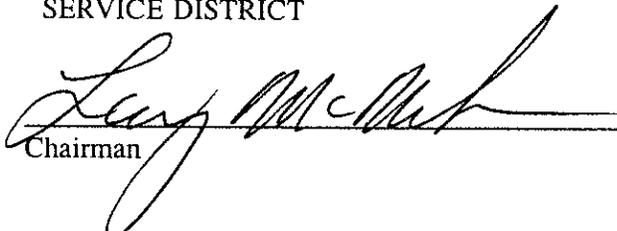
(3) Executed counterparts of the loan agreement dated March 15, 2002, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and

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

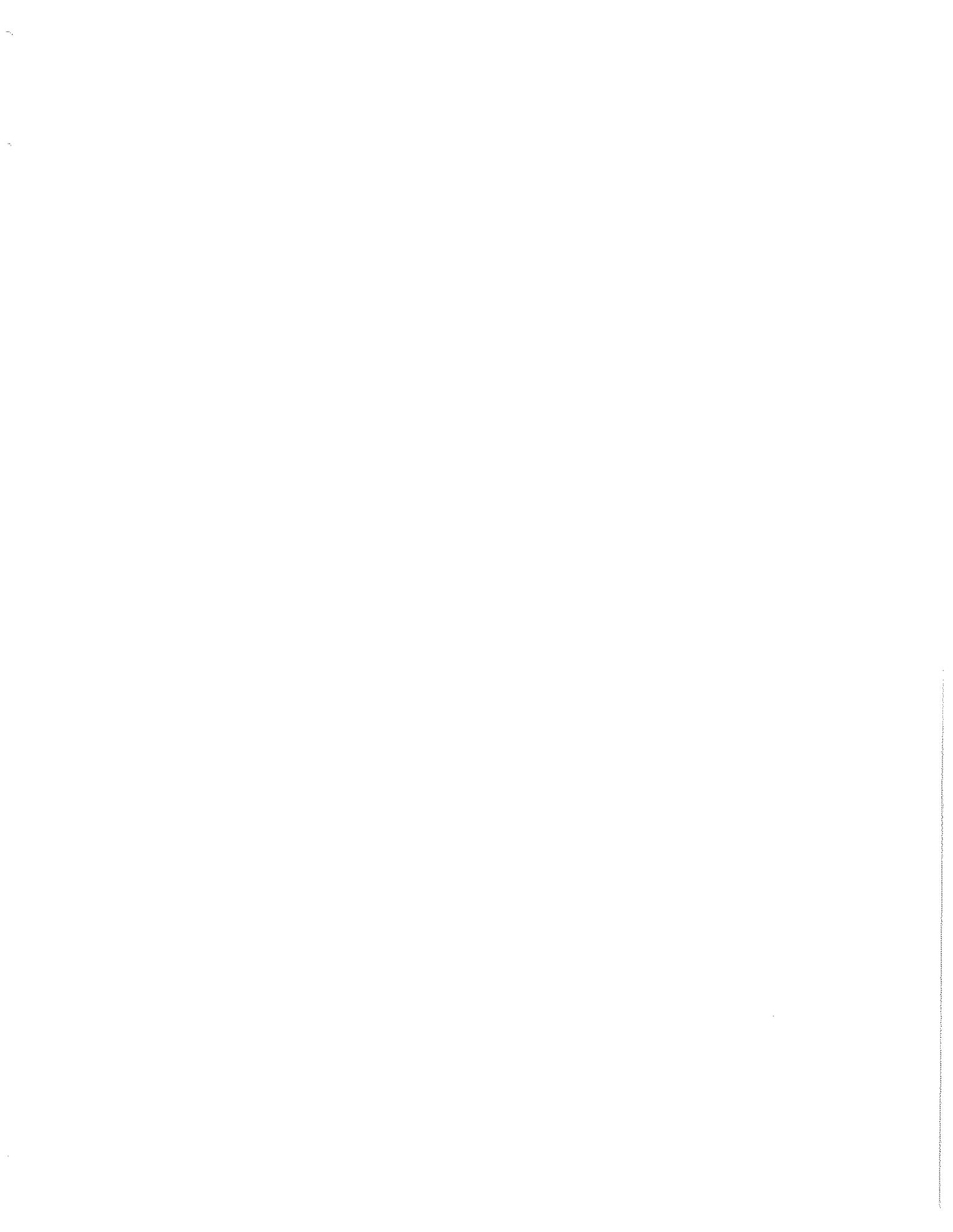
You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$11,000.00 representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 15th day of March, 2002.

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

  
Chairman

03/05/02  
924750.00001



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT  
SEWER REVENUE BONDS, SERIES 2002 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$300,000

KNOW ALL MEN BY THESE PRESENTS: That UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Kanawha 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 THREE HUNDRED THOUSAND DOLLARS (\$300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2003, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2003, at the rate per annum as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated March 15, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system for the Issuer (the "Expanded Project"); and (ii) to pay certain costs

of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Expanded Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on February 19, 2002, and a Supplemental Resolution duly adopted by the Issuer on February 19, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 21, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$5,768,297 (THE "PRIOR BONDS"). THE ISSUER ALSO HAS OUTSTANDING ITS UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, SUCCESSOR TO LONDON PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM DESIGN NOTES (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1997, AND ITS UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, SUCCESSOR TO PAINT CREEK PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM DESIGN NOTES (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1997, BOTH ISSUED ON OCTOBER 21, 1999, IN THE AGGREGATE PRINCIPAL AMOUNTS OF \$119,064 AND \$145,000, RESPECTIVELY (COLLECTIVELY, THE "PRIOR NOTES"). THE PRIOR NOTES ARE NOT SECURED BY THE NET REVENUES OF THE SYSTEM.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the

System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest 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, UPPER KANAWHA VALLEY 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 March 15, 2002.

[SEAL]

  
Chairman

ATTEST:

  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: March 15, 2002.

BRANCH BANKING AND TRUST COMPANY,  
as Registrar

  
\_\_\_\_\_  
Authori[unclear]

**SPECIMEN**

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$11,000.00	March 15, 2002	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

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

## EXHIBIT B

## Upper Kanawha Valley Public Service District

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

## DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2002	-	-	-	-
9/01/2002	-	-	-	-
12/01/2002	-	-	-	-
3/01/2003	2,383.00	0.500%	375.00	2,758.00
6/01/2003	2,386.00	0.500%	372.02	2,758.02
9/01/2003	2,389.00	0.500%	369.04	2,758.04
12/01/2003	2,392.00	0.500%	366.05	2,758.05
3/01/2004	2,395.00	0.500%	363.06	2,758.06
6/01/2004	2,398.00	0.500%	360.07	2,758.07
9/01/2004	2,401.00	0.500%	357.07	2,758.07
12/01/2004	2,404.00	0.500%	354.07	2,758.07
3/01/2005	2,407.00	0.500%	351.07	2,758.07
6/01/2005	2,410.00	0.500%	348.06	2,758.06
9/01/2005	2,413.00	0.500%	345.04	2,758.04
12/01/2005	2,416.00	0.500%	342.03	2,758.03
3/01/2006	2,419.00	0.500%	339.01	2,758.01
6/01/2006	2,422.00	0.500%	335.98	2,757.98
9/01/2006	2,425.00	0.500%	332.96	2,757.96
12/01/2006	2,428.00	0.500%	329.93	2,757.93
3/01/2007	2,431.00	0.500%	326.89	2,757.89
6/01/2007	2,434.00	0.500%	323.85	2,757.85
9/01/2007	2,437.00	0.500%	320.81	2,757.81
12/01/2007	2,440.00	0.500%	317.76	2,757.76
3/01/2008	2,443.00	0.500%	314.71	2,757.71
6/01/2008	2,446.00	0.500%	311.66	2,757.66
9/01/2008	2,449.00	0.500%	308.60	2,757.60
12/01/2008	2,452.00	0.500%	305.54	2,757.54
3/01/2009	2,455.00	0.500%	302.48	2,757.48
6/01/2009	2,458.00	0.500%	299.41	2,757.41
9/01/2009	2,461.00	0.500%	296.33	2,757.33
12/01/2009	2,464.00	0.500%	293.26	2,757.26
3/01/2010	2,468.00	0.500%	290.18	2,758.18
6/01/2010	2,471.00	0.500%	287.09	2,758.09
9/01/2010	2,474.00	0.500%	284.00	2,758.00
12/01/2010	2,477.00	0.500%	280.91	2,757.91
3/01/2011	2,480.00	0.500%	277.82	2,757.82
6/01/2011	2,483.00	0.500%	274.72	2,757.72
9/01/2011	2,486.00	0.500%	271.61	2,757.61
12/01/2011	2,489.00	0.500%	268.50	2,757.50
3/01/2012	2,492.00	0.500%	265.39	2,757.39
6/01/2012	2,495.00	0.500%	262.28	2,757.28
9/01/2012	2,499.00	0.500%	259.16	2,758.16
12/01/2012	2,502.00	0.500%	256.04	2,758.04
3/01/2013	2,505.00	0.500%	252.91	2,757.91
6/01/2013	2,508.00	0.500%	249.78	2,757.78
9/01/2013	2,511.00	0.500%	246.64	2,757.64
12/01/2013	2,514.00	0.500%	243.50	2,757.50

## Upper Kanawha Valley Public Service District

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

### DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2014	2,517.00	0.500%	240.36	2,757.36
6/01/2014	2,521.00	0.500%	237.21	2,758.21
9/01/2014	2,524.00	0.500%	234.06	2,758.06
12/01/2014	2,527.00	0.500%	230.91	2,757.91
3/01/2015	2,530.00	0.500%	227.75	2,757.75
6/01/2015	2,533.00	0.500%	224.59	2,757.59
9/01/2015	2,536.00	0.500%	221.42	2,757.42
12/01/2015	2,539.00	0.500%	218.25	2,757.25
3/01/2016	2,543.00	0.500%	215.08	2,758.08
6/01/2016	2,546.00	0.500%	211.90	2,757.90
9/01/2016	2,549.00	0.500%	208.72	2,757.72
12/01/2016	2,552.00	0.500%	205.53	2,757.53
3/01/2017	2,555.00	0.500%	202.34	2,757.34
6/01/2017	2,559.00	0.500%	199.15	2,758.15
9/01/2017	2,562.00	0.500%	195.95	2,757.95
12/01/2017	2,565.00	0.500%	192.74	2,757.74
3/01/2018	2,568.00	0.500%	189.54	2,757.54
6/01/2018	2,571.00	0.500%	186.33	2,757.33
9/01/2018	2,575.00	0.500%	183.11	2,758.11
12/01/2018	2,578.00	0.500%	179.90	2,757.90
3/01/2019	2,581.00	0.500%	176.67	2,757.67
6/01/2019	2,584.00	0.500%	173.45	2,757.45
9/01/2019	2,588.00	0.500%	170.22	2,758.22
12/01/2019	2,591.00	0.500%	166.98	2,757.98
3/01/2020	2,594.00	0.500%	163.74	2,757.74
6/01/2020	2,597.00	0.500%	160.50	2,757.50
9/01/2020	2,600.00	0.500%	157.25	2,757.25
12/01/2020	2,604.00	0.500%	154.00	2,758.00
3/01/2021	2,607.00	0.500%	150.75	2,757.75
6/01/2021	2,610.00	0.500%	147.49	2,757.49
9/01/2021	2,614.00	0.500%	144.23	2,758.23
12/01/2021	2,617.00	0.500%	140.96	2,757.96
3/01/2022	2,620.00	0.500%	137.69	2,757.69
6/01/2022	2,623.00	0.500%	134.41	2,757.41
9/01/2022	2,627.00	0.500%	131.14	2,758.14
12/01/2022	2,630.00	0.500%	127.85	2,757.85
3/01/2023	2,633.00	0.500%	124.56	2,757.56
6/01/2023	2,636.00	0.500%	121.27	2,757.27
9/01/2023	2,640.00	0.500%	117.98	2,757.98
12/01/2023	2,643.00	0.500%	114.68	2,757.68
3/01/2024	2,646.00	0.500%	111.37	2,757.37
6/01/2024	2,650.00	0.500%	108.07	2,758.07
9/01/2024	2,653.00	0.500%	104.75	2,757.75
12/01/2024	2,656.00	0.500%	101.44	2,757.44
3/01/2025	2,660.00	0.500%	98.12	2,758.12
6/01/2025	2,663.00	0.500%	94.79	2,757.79
9/01/2025	2,666.00	0.500%	91.46	2,757.46

**Upper Kanawha Valley Public Service District**

Loan of \$300,000

30 Years, 1/2% Interest Rate

Closing Date: March 15, 2002

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I
12/01/2025	2,670.00	0.500%	88.13	2,758.13
3/01/2026	2,673.00	0.500%	84.79	2,757.79
6/01/2026	2,676.00	0.500%	81.45	2,757.45
9/01/2026	2,680.00	0.500%	78.11	2,758.11
12/01/2026	2,683.00	0.500%	74.76	2,757.76
3/01/2027	2,686.00	0.500%	71.40	2,757.40
6/01/2027	2,690.00	0.500%	68.05	2,758.05
9/01/2027	2,693.00	0.500%	64.68	2,757.68
12/01/2027	2,696.00	0.500%	61.32	2,757.32
3/01/2028	2,700.00	0.500%	57.95	2,757.95
6/01/2028	2,703.00	0.500%	54.57	2,757.57
9/01/2028	2,707.00	0.500%	51.19	2,758.19
12/01/2028	2,710.00	0.500%	47.81	2,757.81
3/01/2029	2,713.00	0.500%	44.42	2,757.42
6/01/2029	2,717.00	0.500%	41.03	2,758.03
9/01/2029	2,720.00	0.500%	37.64	2,757.64
12/01/2029	2,723.00	0.500%	34.24	2,757.24
3/01/2030	2,727.00	0.500%	30.83	2,757.83
6/01/2030	2,730.00	0.500%	27.42	2,757.42
9/01/2030	2,734.00	0.500%	24.01	2,758.01
12/01/2030	2,737.00	0.500%	20.59	2,757.59
3/01/2031	2,741.00	0.500%	17.17	2,758.17
6/01/2031	2,744.00	0.500%	13.75	2,757.75
9/01/2031	2,747.00	0.500%	10.32	2,757.32
12/01/2031	2,751.00	0.500%	6.88	2,757.88
3/01/2032	2,754.00	0.500%	3.44	2,757.44
<b>Total</b>	<b>300,000.00</b>	<b>-</b>	<b>22,658.90</b>	<b>322,658.90</b>

**YIELD STATISTICS**

Accrued Interest from 03/15/2002 to 03/15/2002.....	(1,066.67)
Bond Year Dollars.....	\$4,745.11
Average Life.....	15.817 Years
Average Coupon.....	0.4775215%
Net Interest Cost (NIC).....	0.4775215%
True Interest Cost (TIC).....	0.5003702%
Bond Yield for Arbitrage Purposes.....	0.5003702%
All Inclusive Cost (AIC).....	0.5003702%
<b>IRS FORM 8038</b>	
Net Interest Cost.....	0.5000009%
Weighted Average Maturity.....	15.817 Years

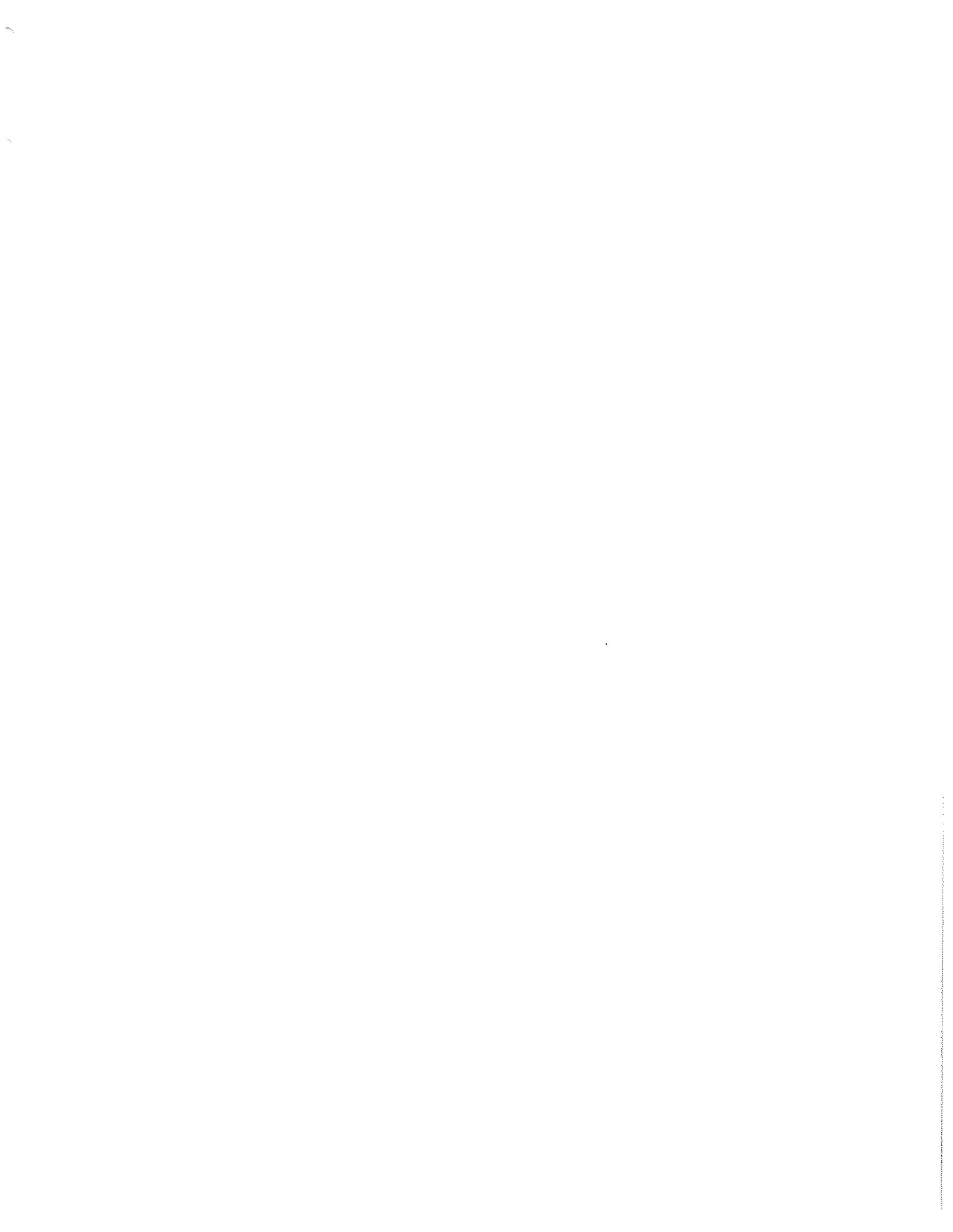
ASSIGNMENT

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:

03/08/02  
924750.00001



March 15, 2002

Upper Kanawha Valley Public Service District  
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

Upper Kanawha Valley Public Service District  
Gallagher, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Upper Kanawha Valley Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$300,000 Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 15, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of .5% per annum. The principal of and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2003, and ending March 1, 2032, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 19, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 19, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer also has outstanding its Upper Kanawha Valley Public Service District, successor to London Public Service District Sewerage System Design Notes, Series 1997 (West Virginia

Infrastructure Fund), and its Upper Kanawha Valley Public Service District, successor to Paint Creek Public Service District Sewerage System Design Notes, Series 1997, both issued on October 21, 1999, in the aggregate principal amounts of \$119,064 and \$145,000, respectively (collectively, the "Prior Notes"). The Prior Notes are not secured by the Net Revenues of the System.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC



LAW OFFICES

ROBERT R. RODECKER

BB&T SQUARE

300 SUMMERS STREET, SUITE 1230

POST OFFICE BOX 3713

CHARLESTON, WEST VIRGINIA 25337

AREA CODE 304  
343-1654

FACSIMILE  
343-1657

ROBERT R. RODECKER  
RODECKER@MINDSPRING.COM

JAMES V. KELSH  
OF COUNSEL  
KELSHLAW@YAHOO.COM

March 15, 2002

Upper Kanawha Valley Public Service District  
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

Upper Kanawha Valley Public Service District  
Gallagher, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Upper Kanawha Valley Public Service District, a public service district, in Kanawha County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Bonds dated March 15, 2002, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on February 19, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 19, 2002 (collectively, the "Resolution"), orders of The County Commission of Kanawha County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The 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.
3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
4. The Resolution 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 Resolution 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 order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Kanawha County and the Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received all requisite orders and approvals from the Public Service Commission of West Virginia, including the Commission Order and the Corrective Order entered on November 7, 2001 and January 16, 2002, respectively, in Case No. 98-0576-PSD-S-CN, among other things, approving the financing for the Project. The time for appeal of such Orders has expired prior to the date hereof without any appeal.
7. 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 Bonds, the Loan Agreement, the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or pledge of the Net Revenues for the Bonds.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert R. Rodecker".

ROBERT R. RODECKER, ESQUIRE



JAMES W. LANE, JR.

ATTORNEY AT LAW

WOOLWORTH BUILDING  
205 CAPITOL STREET, SUITE 400  
P.O. Box 11806  
CHARLESTON, WV 25339

(304) 342-0081 FACSIMILE: (304) 343-3365

March 15, 2002

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P.O. Box 329  
Gallagher, WV 25083

Katy Mallory, P.E., Executive Secretary  
West Virginia Infrastructure and  
Jobs Development Council  
300 Summers Street, Suite 980  
Branch Banking & Trust Company  
Charleston, WV 25301

Mr. Daniel B. Yonkosky, Director  
West Virginia Water Development Authority  
180 Association Drive  
Charleston, WV 25311-1571

John C. Stump  
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P.O. Box 1588  
Charleston, WV 25326-1588

Samme L. Gee  
Jackson & Kelly PLLC  
1600 Laidley Tower  
P.O. Box 553  
Charleston, WV 25322

Ghosh Engineers, Inc.  
12<sup>th</sup> Floor, Union Building  
Charleston, WV 25301

Upper Kanawha Valley Public Service District  
West Virginia Infrastructure and  
Jobs Development Council  
West Virginia Water Development Authority  
Jackson & Kelly, PLLC  
Ghosh Engineer, Inc.  
Steptoe & Johnson, PLLC  
March 15, 2002  
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Re: Final Title Opinion for Upper Kanawha Valley Public Service District

Ladies and Gentlemen:

I am counsel to Upper Kanawha Valley Public Service District (the "Issuer") in connection with a proposed project to extend sewage treatment service to the Morton Travel Plaza on the West Virginia Turnpike. I provide this final title opinion on behalf of the Issuer. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. I have confirmed with the Project Engineers, Ghosh Engineers, Inc., that the Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Ghosh Engineers, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project, subject to the specific title opinions attached hereto for two pump stations.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County

Upper Kanwaha Valley Public Service District  
West Virginia Infrastructure and  
Jobs Development Council  
West Virginia Water Development Authority  
Jackson & Kelly, PLLC  
Ghosh Engineer, Inc.  
Step toe & Johnson, PLLC  
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Page 3

Commission of Kanawha County to protect the legal title to and interest of the Issuer.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James W. Lane, Jr.", written in black ink.

James W. Lane, Jr.

JAMES W. LANE, JR.

ATTORNEY AT LAW

WOOLWORTH BUILDING  
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March 15, 2002

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March 15, 2002

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Premises: **6,300 Square Feet And Two Easements For A Pump Station Lot Acquired By Upper Kanawha Valley Public Service District From West Virginia Turnpike Commission As Shown On A Plat Attached Hereto And Made A Part Hereof Prepared By Ghosh Engineers, Inc. Cabin Creek District, Kanawha County, West Virginia.**

Dear Upper Kanawha Valley Public Service District:

Pursuant to your request, I have conducted a limited examination of the records in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, to the title to the above referenced real estate interests for a period from October 15, 1941 to February 8, 2002.

Insofar as such records disclose, and subject to the correctness of the records and the indices thereto, it is my opinion that good title to a perpetual easement on the referenced real estate is vested in the Upper Kanawha Valley Public Service District, which acquired title to a perpetual easement to part of the subject property by Deed of Easement dated January 24, 2002, from the West Virginia Parkways Economic Development and Tourism Authority, of record in said Clerk's office in Deed Book 2542 page 529, recorded January 29, 2002.

My opinion is subject however to the following matters:

1. With respect to that portion of the subject tract that The West Virginia Turnpike Commission acquired from Charles Kirby and Audrey Kirby, The West Virginia Turnpike Commission owns the surface only of the subject property.

2. With respect to that portion of the subject tract that The West Virginia Turnpike Commission acquired from Eastern Gas and Fuel Associates, The West Virginia Turnpike Commission owns the surface of the subject property and also certain subsurface interests. The subsurface rights that the West Virginia Turnpike Commission owns are defined in its deed from Eastern Gas and Fuel Associates, referenced above, to include title in fee simple down to subsurface elevations defined by horizontal line normal to the centerline of the proposed roadway of the West Virginia Turnpike 100 feet below the lowest points, either at the present ground surface pavement at centerline, the lowest point of fill, or bottom of subsurface bridge fountain, and a perpetual easement of subjacent support of said 100 feet from the next underlying 300 feet of strata and no further. There is reserved and excepted herefrom (1) all of the rest and residue of said land lying below said 100 feet mark, other than and without destruction or impairment of said easement of subjacent support from the 300 feet immediately thereunder and (2) the free right to develop, construct, maintain, operate, and use for the transportation of coal, other minerals and the

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products or by products of mining, mining machinery, equipment and accessories, materials, supplies and persons by means of such underground passageways, through said 100 foot of soil and such tipples, haulage and other overhead crossings over the same as shall not endanger, encumber or otherwise limit the construction, maintenance or use of the turnpike project intended to be constructed and operated upon or in connection with said land. The right to subjacent support hereinbefore described and conveyed shall be constructed to allow the removal from the next 300 feet underlying said 100 feet elevation aforesaid, only of 50% of any coal now therein, provided (1) that 50% of the virgin coal is left in place in the form of evenly spaced pillars of substantially equal width to the width of adjacent entries, rooms, sections or other mined out areas, which shall not be driven in width in excess of 30 feet and (2) that accurate mine maps substantially complying with West Virginia State Department of Mines requirements as of date of deed showing past and projected mining operations related as to centerline of road at top of pavement or bottom of fill, or bottom of subsurface bridge foundation be submitted to West Virginia Turnpike Commission.

3. Although the subject property is part of a tract of land formerly owned entirely by the West Virginia Turnpike Commission, the Turnpike Commission's tract of land straddles two separate tracts of land that the West Virginia Turnpike Commission acquired by two separate conveyances. The two tracts are separately assessed. One of the two tracts is exempt from real property taxes and is listed as exempt in the 2001 landbooks in the Office of the Clerk of the County Commission of Kanawha County, Cabin Creek Tax District, as follows:

Ticket No. 12181  
Account No. 6186977  
West Virginia Turnpike Commission  
Lot 1, Section 1, Morton  
Tax Map NOMP; Parcel 0618 Suffix 6977  
Land -\$220.00  
Building - \$00.00  
Mineral- \$00.00  
Total - \$00.00  
Total Due \$00.00

The other tract of land from which the subject property is a part was acquired by the West Virginia Turnpike Commission from Eastern Associated Coal Corporation. Based upon a review of the tax map and the land books dating back to 1953, it appears that the tax assessment for the tract was never changed from Eastern Associated Coal Corporation to the West Virginia Turnpike Commission. The property in Eastern's name is assessed as follows:

Ticket No. 7474  
Account No. 6140847  
Eastern Associated Coal Company  
17 514-91/100 A M/L Surf Paint  
Creek 18089-14/100 a Min Paint Creek  
Location off NWS W. Va. Rt. 83  
Tax Map 63; Parcel 1  
Land -\$1,334,640.00  
Building - \$00.00  
Mineral- \$2,504,800.00  
Total - \$3,839,440.00  
Total Due \$46,284.07

The second half of the taxes for the year 2001 are not paid and constitute a lien against the entire tract of 17,514.91 acres, including the subject tract of land.

The property is potentially subject to an unreleased Amended Petition For Correction Of Erroneous Assessment Of Eastern Associated Coal Corporation, against Eastern Associated Coal Corporation and in favor of Kanawha County Commission, in the amount of (1) \$400,492.60 additional taxes, (2) 1% penalty on Tax Account No.:06140847 for failure to file a property tax return for 1994-1998, and (3)\$108,222.94 penalty, dated June 17, 1999, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Miscellaneous Book 31, page 95. This assessment constitutes a lien upon Eastern's 17,514.91 acres which includes the subject tract. Part of this lien has been reversed by Order of Refund of Penalties Paid on Order for Amended Petition for Correction of Erroneous Assessment of Eastern Associated Coal Corp., by instrument dated December 13, 2001, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2540, page 191.

With respect to both the lien for the unpaid 2001 tax assessment and the lien on the property by virtue of the Petition for Correction of Erroneous Assessment, the liens apply to a tract of land exceeding 17,500 acres. Because the District's property is a part of the large tract of land, it is subject to the liens. However, if the taxes are not paid by Eastern Associated Coal Corporation, the District can employ a legal mechanism whereby its very small tract of land can be separately assessed and the tax lien removed by paying an amount of tax attributable to the District's relatively valueless tract of land. The District should continue to monitor the real property taxes over the next six (6) months to ensure that Eastern timely pays the taxes.

4. The property may be subject to a Right of Way only for an 8 inch gas pipe line and erection on poles along same side as a telephone line, which instrument is dated August 28, 1945 to United Fuel Gas Company from Eastern Gas and Fuel Associates,

March 15, 2002

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recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 725 page 465. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify with Eastern Associated Coal Corporation the location of any underground pipelines that may exist pursuant to this lease to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

5. The property may be subject to a Right of Way and Easement for a 40 foot wide Powerline which is 600 feet in length, which instrument is dated December 19, 1957 to Appalachian Electric Power Company from the West Virginia Turnpike Commission, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1234 page 409. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures.

6. The property may be subject to relocated Right of Way Easements by instrument dated February 2, 1955 to West Virginia Turnpike Commission from Appalachian Electric Power Company, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1131 page 15. In the deed of easements West Virginia Turnpike Commission granted all right of way and easements of various dimensions to Appalachian Electric Power Company necessary for its electric transmission and distribution lines and facilities as then relocated by Appalachian Electric Power Company. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures.

7. The property may be subject to relocated Right of Way Easements, by instrument dated November 29, 1956 to West Virginia Turnpike Commission from South Penn Natural Gas Company, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1196 page 293. In deed of easement West Virginia Turnpike Commission granted all right of way and easements of various dimensions necessary for South Penn Natural Gas Company's pipelines, structures, equipment and other facilities as then relocated by South Penn Natural Gas Company. The

Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify with Eastern Associated Coal Corporation the location of any underground pipelines that may exist pursuant to this lease to obtain greater satisfaction that no disruption of underground pipelines shall occur during construction of the District's project.

8. The property may be subject to a Right of Way Easement for an electric power line which is 420 feet in length, by instrument dated December 17, 1970 to Appalachian Power Company from the West Virginia Turnpike Commission, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, Deed Book 1611 page 735. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures.

9. The property may be subject to a Right of Way and an Easement created by a lease agreement which easement is 8 feet in width for a gas pipeline system consisting of lines up to 10 inches in diameter together with necessary fittings, appliances, meter stations and other appurtenances together with the right to clear off trees and brush from the easement, by instrument dated November 8, 1960 to United Producing Company, Inc., from the West Virginia Turnpike Commission, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Lease Book 152 page 605. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify with Eastern Associated Coal Corporation the location of any underground pipelines that may exist pursuant to this lease to obtain greater satisfaction that no disruption of underground pipelines shall occur during construction of the District's project.

10. The property may be subject to the outconveyance of all oil and gas in and underlying a certain 12,4000 acre tract and all rights of way as may be necessary for the mining, drilling and operating thereon for oil and gas by Deed dated April 15, 1953 to Winstock Land Corporation from Eastern Gas and Fuel Associates, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book

1049 page 99.

11. The property may be subject to a Right of Way Easement for an electric power line 133 feet in length, by instrument dated March 3, 1976 to Appalachian Electric Power Company from the West Turnpike Commission, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1798 page 616. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures.

12. The property is subject to any encroachments, easements, measurements, discrepancies in area or content, or any other state of facts which would be shown by an on site inspection. Further, the property has been surveyed by Ghosh Engineers, Inc. and I have relied upon the accuracy of the said survey in rendering this opinion.

13. The Property is subject to possible statutory liens for unrecorded and inchoate claims or assessments of general contractors, sub-contractors, materialmen, mechanics, laborers, homeowner's association, municipal or local governments and agencies, and public service districts, if any.

14. The property is subject to any restrictions, reservations and covenants set forth in the record chain of title.

15. The property is subject to the rights of the owners of any oil, gas and other minerals in and underlying said tract of land the said minerals having been reserved in a prior deed.

16. The property is subject to the right if any of any third party in possession of any part of the reference real estate.

17. My title examination did not cover and this opinion letter expressly excludes any liens that are not of record in said Clerk's office. Such unrecorded liens may be created or made pursuant to, among other things, bankruptcy, insolvency or environmental rule, regulations and /or laws.

18. I have not undertaken to ascertain and do not render any opinion regarding any environmental problem, hazard or liability, if any, that may be associated with the above-referenced property.

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Page 8

This Title Report is expressly limited to the period above mentioned.

Very truly yours,



James W. Lane, Jr.

JAMES W. LANE, JR.

ATTORNEY AT LAW

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205 CAPITOL STREET, SUITE 400  
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March 15, 2002

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March 15, 2002  
Page 2

Premises: **200 Square Foot Parcel Of Land Near Buzzard Branch Of Paint Creek To Be Acquired From Eastern Associated Coal Company By The Upper Kanawha Valley Public Service District As Shown On A Plat Attached Hereto And Made A Part Hereof Prepared By Ghosh Engineers, Inc. Cabin Creek District, Kanawha County, West Virginia.**

Dear Sir or Madam:

Pursuant to your request, I have conducted a limited examination of the records in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, to the title to the above referenced real estate for a period from October 15, 1941 to February 8, 2002.

Insofar as such records disclose, and subject to the correctness of the records and the indices thereto, it is my opinion that good and marketable title in fee simple of the referenced real estate is vested in the Upper Kanawha Valley Public Service District which acquired title to the tract from Eastern Associated Coal Company by Deed dated January 24, 2002, of record in the said Clerk's office in Deed Book 2542, page 982, recorded February 5, 2002.

My opinion is subject, however, to the following additional matters:

1. The property is part of a larger tract of land assessed in the 2001 landbooks for real property taxes in the Office of the Clerk of the County Commission of Kanawha County, Cabin Creek Tax District, as follows:

Ticket No. 7474  
Account No. 6140847  
Eastern Associated Coal Company  
17 514-91/100 A M/L Surf Paint  
Creek 18089- 14/100a Min Paint Creek  
Location off NWS W.Va. Rt. 83  
Tax Map 63; Parcel 1  
Land -\$1,334,640.00  
Building - \$00.00  
Mineral- \$2,504,800.00  
Total - \$3,839,440.00  
Total Due \$46,284.07

The second half of the taxes for the year 2001 are not paid and constitute a lien against the entire tract of 17,514.91 acres, including the subject tract of land.

March 15, 2002

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In addition to the tax assessment above, the property is subject to an unreleased Amended Petition For Correction Of Erroneous Assessment Of Eastern Associated Coal Corporation, against Eastern Associated Coal Corporation and in favor of Kanawha County Commission, in the amount of (1) \$400,492.60 additional taxes, (2) 1% penalty on Tax Account No.:06140847 for failure to file a property tax return for 1994-1998, and (3)\$108,222.94 penalty, dated June 17, 1999, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Miscellaneous Book 31, page 95. This assessment constitutes a lien upon Eastern's 17,514.91 acres which includes the subject tract. Part of this lien has been reversed by Order of Refund of Penalties Paid on Order for Amended Petition for Correction of Erroneous Assessment of Eastern Associated Coal Corp., by instrument dated December 13, 2001, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2540, page 191.

With respect to both the lien for the unpaid 2001 tax assessment and the lien on the property by virtue of the Petition for Correction of Erroneous Assessment, the liens apply to a tract of land exceeding 17,500 acres. Because the District's property is a part of the large tract of land, it is subject to the liens. However, if the taxes are not paid by Eastern Associated Coal Corporation, the District can employ a legal mechanism whereby its very small tract of land can be separately assessed and the tax lien removed by paying an amount of tax attributable to the District's relatively valueless tract of land. The District should continue to monitor the real property taxes over the next six (6) months to ensure that Eastern timely pays the taxes.

2. The property may be subject to a lease for the mining and operating of oil and gas and for laying pipelines, buildings tanks, and structures, by lease instrument dated April 1, 1911 to United Fuel Gas Company from Paint Creek Coal and Land Company, for a term of ten years and so long thereafter as oil and gas is produced. The lease is recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Lease Book 19, page 172. The original 22,000 acre tract of land was released with the exception of 2,230 acres as recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Release Book 17, page 467. The undersigned could not verify by the description of the 2,230 acre tract whether the subject property is located within the said leasehold estate. The rights for the 2,230 acres under the lease have been assigned from time to time, most recently by Assignment dated December 1, 1997 to Allegheny and Western Energy Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Assignment Book 153 page 890. The Lease was modified by Agreement dated May 22, 1985 between Allegheny and Western Energy Corporation and Eastern Associated Coal Corporation for a modification of well rental provisions, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Lease Book 227 page 401. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground

March 15, 2002

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utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify with Eastern Associated Coal Corporation the location of any underground pipelines that may exist pursuant to this lease to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

3. The property may be subject to a lease for the drilling and operating of oil and gasoline together with a right of way for pipelines, telephones, telegraphs, and structures and all rights and privileges for operating the drilling of wells, which lease instrument is dated February 14, 1958 to United Producing Company, Inc., from Eastern Gas and Fuel Associates for a term of ten years and as long thereafter as said land is operated by Lessee in the active search for or production of oil, gas, and the payment of rent royalties. The document is recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Lease Book 145, page 163. The undersigned was unable to determine from the document on record whether the subject tract is withing the leasehold estate. The rights under the Lease have been assigned from, time to time, most recently by Assignment dated August 28, 1999 recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Assignment Book 171 page 968. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this lease to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

4. The property may be subject to a coal lease for underground and strip mining of coal, by instrument dated January 1, 1964 to Capitol Fuels from Eastern Gas and Fuel Associates for a period of five years or until such time as all the mineable and merchantable coal shall have been mined and removed. The coal lease is recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Lease Book 156, page 69. The Lease was granted by the owner of a larger tract of land of which the subject tract is a part of and the undersigned was unable to determine the specific location of the leasehold estate based on the records in the Clerk's Office. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. The undersigned may, if requested, attempt to verify the continued existence and the location of the leasehold estate to obtain greater satisfaction that no disruption shall occur during or after construction of the District's project.

5. The property may be subject to an Easement and Right of Way for an electric power line, by instrument dated February 22, 1994 to Appalachian Power Company from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2334 page 813. The

March 15, 2002

Page 5

Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures.

6. The property may be subject to an Easement and Right of Way for an 6 inch gas pipeline, by instrument dated February 7, 1978 to Columbia Gas Transmission Corporation from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1874 page 606. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

7. The property may be subject to an Easement for a gas pipeline, by instrument dated January 30, 1979 to Columbia Gas Transmission Corporation from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1899 page 240, which said agreement is a modification of Right a Way Agreement between the same parties dated August 28, 1945 and August 15, 1965. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

8. The property may be subject to an Easement for a gas pipeline, by instrument dated January 30, 1979 to Columbia Gas Transmission Corporation from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1899 page 244, which said agreement is a modification of Right a Way Agreement between the same parties dated August 28, 1945 and August 15, 1965. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine

whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

9. The property may be subject to a Right of Way for a gas pipeline which is 10 feet wide and 5 feet equivalent on either side of the centerline, by instrument dated November 20, 1986 to Mountaineer Gas Company from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2148 page 343. The Right of Way was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

10. The property may be subject to a Non- Exclusive Right of Way Agreement for a gas pipeline for transporting gas and associated fuels which said pipeline is no greater than a 10 inch diameter and Right of Way is 30 feet in width being 15 feet on each side, by instrument dated July 6, 1998 to Eastern States Oil and Gas, Inc. from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2462 page 439. The Right of Way was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

11. The property may be subject to an Easement to repair electronic communication equipment cabinets, with underground conduits, which consists of a 10 foot x 10 foot square, by instrument dated August 15, 1997 to Bell Atlantic-West Virginia Corporation from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2421 page

611. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. This instrument has been provided to Ghosh Engineers to determine whether this easement may affect the subject property.

12. The property may be subject to a Right of Way for an 8 inch gas pipe line and erection on poles, by instrument dated August 28, 1945 to United Fuel Gas Company from Eastern Gas and Fuel Associates, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 725 page 465. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

13. The property may be subject to an Easement for a 6 inch Gas Pipeline together with the right to clear brush, by instrument dated August 15, 1965 to Ashland Oil and Refining Company from Eastern Gas and Fuel Associates, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 1446 page 683, and assigned to United Fuel Gas Company, which instrument is dated October 28, 1965, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Assignment Book 60 page 534. The Easement was granted by the owner of a larger tract of land of which the subject tract is a part and the undersigned was unable to determine whether the specific location of the easement affects the subject tract. Ghosh Engineers has confirmed to the undersigned that they have inspected the property and that the property is free of any and all surface structures. Ghosh Engineers is confident that no underground utility pipelines or oil and/or gas lines exist on the subject property. The undersigned may, if requested, attempt to verify the location of any underground pipelines that may exist pursuant to this easement to obtain greater satisfaction that no disruption of under ground pipelines shall occur during construction of the District's project.

14. The property may be subject to a Timber Removal Agreement by instrument dated November 30, 1999 to Cranberry Hardwoods Incorporation from Eastern Associated Coal Corporation, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2486 page 296. It is not possible for the undersigned to determine the location of the timber removal rights under the Agreement. A Memorandum of the Agreement is of record but not the Agreement itself.

15. The property may be subject to a Timber Removal Agreement dated May 2,

2000 to Cranberry Lumber Company, recorded in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, in Deed Book 2497 page 895. It is not possible for the undersigned to determine the location of the timber removal rights under the Agreement. A Memorandum of the Agreement is of record but not the Agreement itself.

16. The property is subject to any encroachments, easements, measurements, discrepancies in area or content, or any other state of facts which would be shown by an on site inspection. Further, the property has been surveyed by Ghosh Engineers, Inc. and I have relied upon the accuracy of the said survey in rendering this opinion.

17. The Property is subject to possible statutory liens for unrecorded and inchoate claims or assessments of general contractors, sub-contractors, materialmen, mechanics, laborers, homeowner's association, municipal or local governments and agencies, and public service districts, if any.

18. The property is subject to unpaid real estate taxes and special assessments for the year 2001 and subsequent years, which are not yet due and payable.

19. The property is subject to any restrictions, reservations and covenants set forth in the record chain of title.

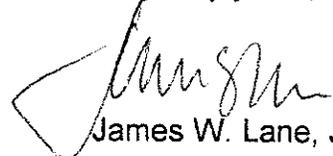
20. The property is subject to the right of any third party in possession of any part of the referenced real estate.

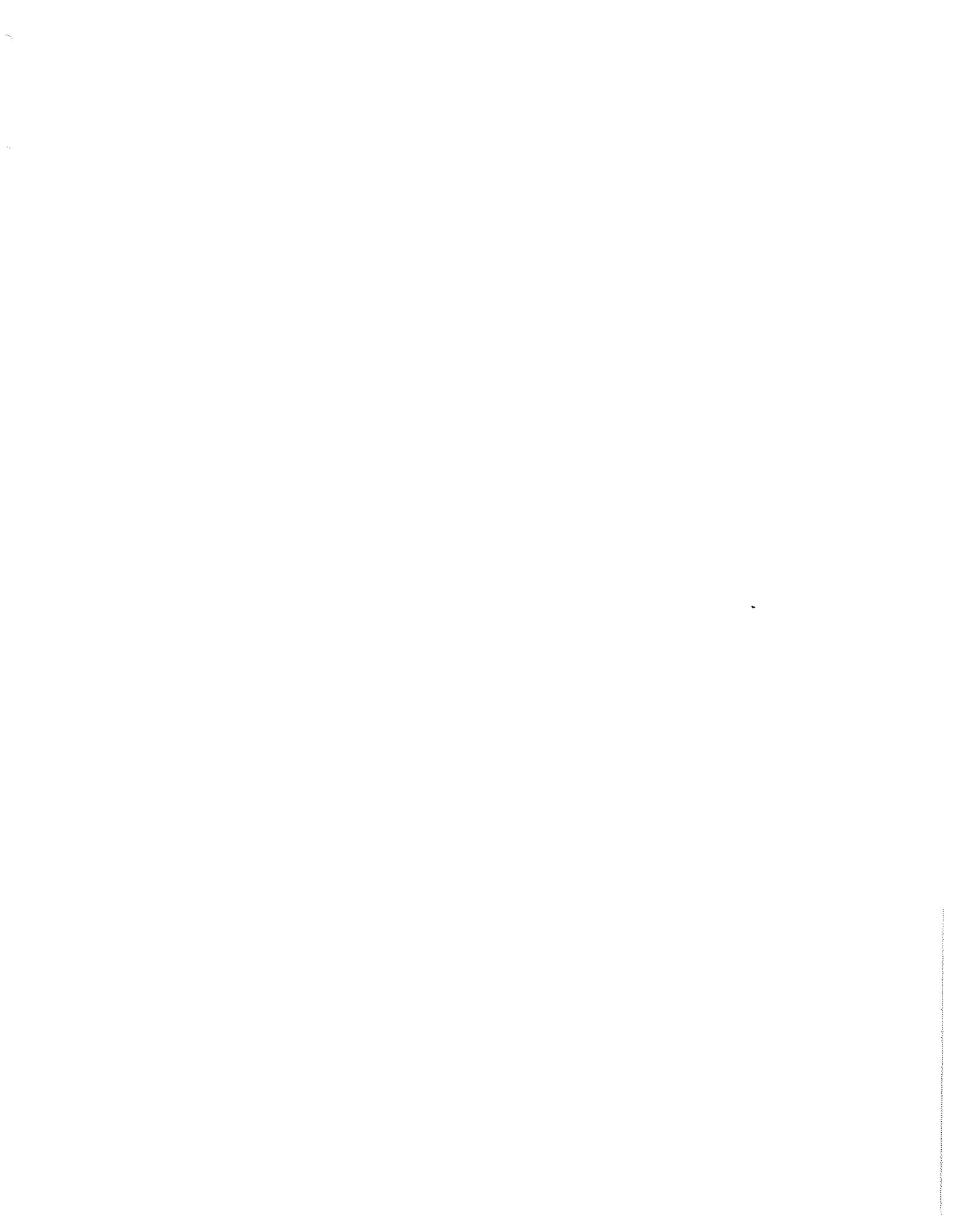
21. My title examination did not cover and this opinion letter expressly excludes any liens that are not of record in said Clerk's office. Such unrecorded liens may be created or made pursuant to, among other things, bankruptcy, insolvency or environmental rule, regulations and/or laws.

22. I have not undertaken to ascertain and do not render any opinion regarding any environmental problem, hazard or liability, if any, that may be associated with the above-referenced property.

This Title Report is expressly limited to the period above mentioned.

Very truly yours,

  
James W. Lane, Jr.



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Upper Kanawha Valley Public Service District in Kanawha County, West Virginia (the "Issuer") and the undersigned ATTORNEY, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2002 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted February 19, 2002, and the Supplemental Resolution duly adopted February 19, 2002 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding bonds of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the original aggregate principal amount of \$5,768,297 (the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

There are outstanding obligations of the Issuer which are secured by the revenues of the System other than the Net Revenues, being the Upper Kanawha Valley Public Service District, successor to London Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the

original aggregate principal amount of \$119,064 (the "Series 1997 A Note") and the Upper Kanawha Valley Public Service District, successor to the Paint Creek Public Service District Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the original aggregate principal amount of \$145,000 (the "Series 1997 B Note" and collectively with the Series 1997 A Note, the "Prior Notes"). The Prior Notes are secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System subsequent to the completion of the Expanded Project; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer issued subsequent to the issuance of the Series 2002 A Bonds; and (3) Surplus Revenues of the System (as defined herein and in the Notes Legislation), if any, but only to the extent that the Public Service Commission of West Virginia does not require that such Surplus Revenues are used for other purposes of the System. The Authority and the Council have waived the requirements in the respective resolutions authorizing the Prior Notes that the Prior Notes be paid in full from the proceeds of the Series 2002 A Bonds or the Grants.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Loan Agreement

Evidence of Project Contingency Funds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District and Public Service Commission Order relating thereto

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Affidavit of Publication on Notice of Meeting to Adopt Bond Resolution

NPDES Permit

Treatment Agreement between Issuer and Town of Pratt

Agreement between Issuer and Turnpike Authority

Memorandum of Understanding between Issuer and Town of Pratt

Consent to Issuance of Parity Bonds

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Upper Kanawha Valley Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Kanawha County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 5 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>
William Johnson	January 24, 2001	December 18, 2007
Wanda Gabbard	January 24, 2001	December 18, 2007
Larry McMichen	December 18, 1997	December 18, 2003
Lanny Toney	December 18, 1997	December 18, 2003
Charles Friddell	January 24, 2001	December 18, 2005

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 2002 are as follows:

Chairperson - Larry McMichen  
Secretary/Treasurer - Lanny Toney

The duly appointed and acting counsel to the Issuer is Robert R. Rodecker, Esquire, in Charleston, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. **MEETINGS, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on September 22, 1999, in Case No. 98-0576-PSD-S-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof without any appeal, and such rates and charges will become effective upon completion of the Project.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Order and the Corrective Order of the Public Service Commission of West Virginia entered on November 7, 2001, and January 16, 2002, respectively, in Case No. 98-0576-PSD-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received \$11,000.00 from the Authority and the Council, being a portion of the principal amount of the Series 2002 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

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

17. 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.

18. PROJECT CONTINGENCY FUNDS: As of the date hereof, the \$338,000 from the Project Contingency Funds of the Series 1999 Bonds are committed and in full force and effect.

WITNESS our signatures and the official seal of UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT on this 15th day of March, 2002.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

  
\_\_\_\_\_

Chairman

  
\_\_\_\_\_

Secretary

\_\_\_\_\_

Attorney

03/05/02  
924750.00001

WITNESS our signatures and the official seal of UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT on this 15th day of March, 2002.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Chairman

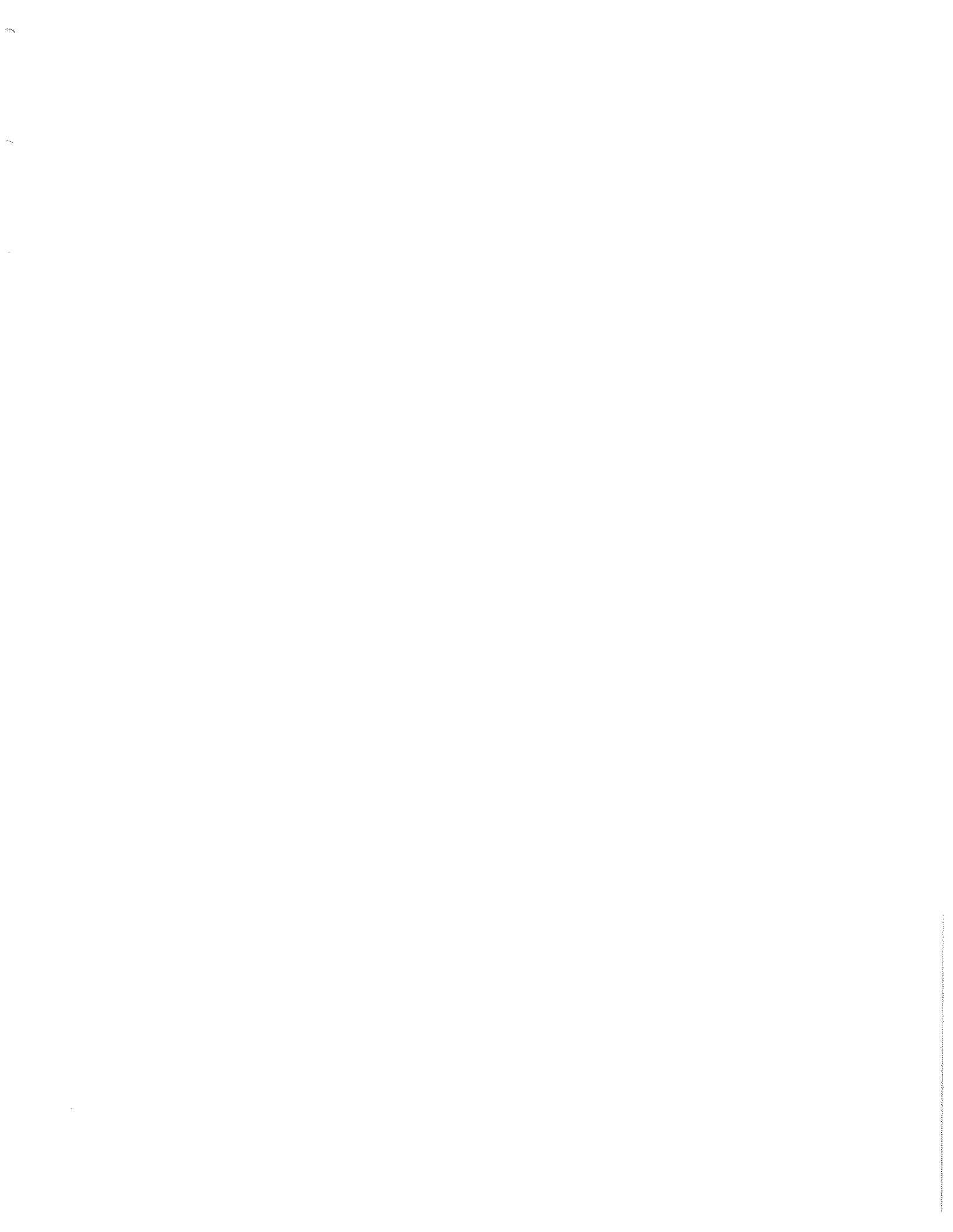
\_\_\_\_\_

Secretary

*Robert R. Rodick*

Attorney

03/05/02  
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UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system (the "Project") of Upper Kanawha Valley Public Service District (the "Issuer") to be constructed in Kanawha County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on February 19, 2002, and the Loan Agreement dated March 15, 2002, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

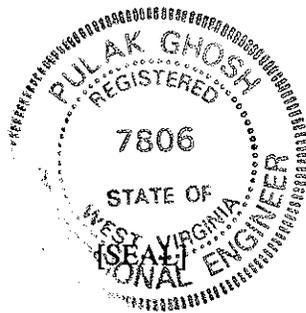
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and in reliance upon the opinion of Robert R. Rodecker, Esquire, has ascertained that all successful bidders 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 for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were

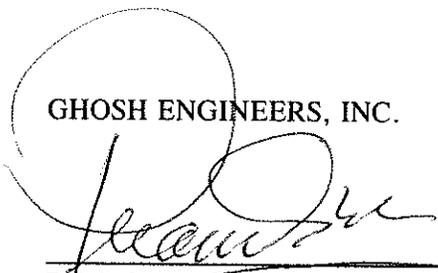
followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Smith, Cochran & Hicks, P.L.L.C., of even date, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

4. I have reviewed the Title Opinion Letters of James W. Lane, Jr., Attorney at Law, dated March 15, 2002, regarding the Project and I hereby affirm the statements and affirmations attributable to Ghosh Engineers, Inc., referenced by Mr. Lane in such Title Opinion Letters and hereby affirm such statements and affirmations as the statements and affirmations of Ghosh Engineers, Inc. as if such statements and affirmations were specifically set forth in this Certificate of Engineer.

WITNESS my signature and seal on this 15th day of March, 2002.



GHOSH ENGINEERS, INC.

  
Pulak Ghosh, P.E.  
West Virginia License No. 7806

03/12/02  
924750.00001

EXHIBIT A

Schedule B - Final Total Cost of Project, Sources of Funds  
and Costs of Financing

**WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL**

**SCHEDULE B**

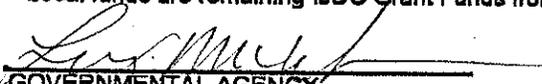
Upper Kanawha Valley PSD

Morton Plaza Sewer Service Extension

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

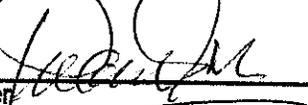
<b>A. Cost of Project</b>	<b>Total</b>	<b>IJDC</b>	<b>(Project Sponsor)</b>
1. Construction	\$ 539,542.00	\$ 286,500.00	\$ 253,042.00
a.	\$ -		
b.	\$ -		
c.	\$ -		
d.	\$ -		
2. Engineering Fees	\$ 62,958.00		\$ 62,958.00
3. Legal	\$ 5,000.00		\$ 5,000.00
4. Administration	\$ -		
5. Sites and Other Lands	\$ 2,000.00		\$ 2,000.00
6. Contingency	\$ 15,000.00		\$ 15,000.00
7. Total of Lines 1 through 6	\$ 624,500.00	\$ 286,500.00	\$ 338,000.00
<b>B. Source of Funds</b>			
8. Local *	\$ 338,000.00		
9. Net (Proceeds Required from Bond Issue (Line 7 minus Line 8))	\$ 286,500.00		
<b>C. Cost of Financing</b>			
10. Other Costs			
a. Bond Counsel	\$ 11,000.00	\$ 11,000.00	
b. Accountant	\$ 2,500.00	\$ 2,500.00	
11. Total Cost of Financing (Lines 10a and 10b)	\$ 13,500.00		
12. Size of Bond Issue (Line 9 plus Line 11)	\$ 300,000.00	\$ 300,000.00	\$ 338,000.00

\* Local funds are remaining IJDC Grant Funds from Base Project.

  
GOVERNMENTAL AGENCY

DATE

2/19/2002

Ghosh Engineers, Inc.  
CONSULTING Engineer 

DATE:2-12-02



Smith, Cochran & Hicks, P.L.L.C.

Certified Public Accountants

Beckley Bridgeport Charleston Montgomery

405 Capitol Street • Suite 908 • Charleston, West Virginia 25301 • 304-345-1151 • Fax 304-346-6731

March 15, 2002

Upper Kanawha Valley Public Service District  
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

Upper Kanawha Valley Public Service District  
Gallagher, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia in Case No. 98-0576-PSD-S-CN, entered September 22, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Ghosh Engineers, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Upper Kanawha Valley Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will 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 Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) (the "Series 2002 A Bonds") to be issued on the date hereof, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Issuer's Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund) (the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2002 A 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 Series 2002 A Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the Prior Bonds and the Series 2002 A Bonds.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Smith Cochran &amp; Hicks', is written in dark ink.

Smith, Cochran & Hicks, P.L.L.C.



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of Upper Kanawha Valley Public Service District in Kanawha County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$300,000 aggregate principal amount of Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, dated March 15, 2002 (the "Bonds" or the "Series 2002 A Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on February 19, 2002, as supplemented (the "Bond Resolution"), authorizing the Bonds.
2. This certificate may be relied upon as the certificate of the Issuer.
3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or 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 March 15, 2002, the date on which the Bonds are to be physically delivered in exchange for more than a de minimus amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

6. The Series 2002 A Bonds were sold on March 15, 2002, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated March 15, 2002, by and among the Issuer, the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of \$300,000 (100% of par value), at which time, the Issuer received \$11,000 from the Authority and the Council. The balance of the principal amount of the Series 2002 A Bonds will be advanced to the Issuer as acquisition and construction of the Expanded Project progresses.

7. The Series 2002 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Expanded Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Expanded Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Expanded Project and allocation of the net sale proceeds of the Bonds to expenditures of the Expanded Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Expanded Project on or before March 15, 2003, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Expanded Project is expected to be completed by December 31, 2002.

9. The total cost of the Expanded Project (including all costs of issuance of the Bonds) is estimated at \$300,000. Sources and uses of funds for the Expanded Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 A Bonds	<u>300,000.00</u>
Total Sources	<u>\$ 300,000.00</u>

USES

Acquisition and Construction of Expanded Project	289,000.00
Costs of Issuance	<u>11,000.00</u>
Total Uses	<u>\$ 300,000.00</u>

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Expanded Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Expanded Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2002 A Bonds Construction Trust Fund;
- (4) Rebate Fund;

(5) Series 2002 A Bonds Sinking Fund; and

(6) Series 2002 A Bonds Reserve Account.

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

- A. As the Issuer receives advances of the monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of costs of the Expanded Project as set forth in the Bond Resolution.

Amounts in the Series 2002 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Expanded Project, not to exceed 3 years. All of such monies are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Expanded Project previously incurred and paid by the Issuer with its own funds.

12. Monies held in the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 A Bonds, and will not be available to meet costs of acquisition and construction of the Expanded Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Expanded Project, deposited into the Series 2002 A Bonds Construction Trust Fund, and following completion of construction of the Expanded 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 2002 A Bonds Sinking Fund and the Series 2002 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 Series 2002 A Bonds, or which are pledged as collateral for the Series 2002 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2002 A Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2002 A 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 Series 2002 A Bonds, have been or will be pledged to payment of the Series 2002 A Bonds. Less than 10% of the proceeds of the Series 2002 A Bonds, if any, will be deposited in the Series 2002 A Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2002 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2002 A Bonds, and will not exceed 125% of average annual principal and interest on the Series 2002 A Bonds. Amounts in the Series 2002 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2002 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2002 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2002 A Bonds, and is reasonably required to assure payments of debt service on the Series 2002 A Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Expanded Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Expanded Project will proceed with due diligence to completion. Acquisition and construction of the Expanded Project is expected to be completed within 9 months.

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

17. With the exception of the amount deposited in the Series 2002 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2002 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Expanded Project within 12 months from the date of issuance thereof.

18. The Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2002 A Bonds each year. The Series 2002 A Bonds Sinking Fund (other than the Series 2002 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 Series 2002 A Bonds, or 1 year's interest earnings on the Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2002 A Bonds Sinking Fund for payment of the principal of or interest on the Series 2002 A Bonds (other than the Series 2002 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, and any monies received from the investment of amounts held in the

Series 2002 A Bonds Sinking Fund (other than in the Series 2002 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds which will be used for the payment of costs of the Expanded Project will be expended for such purposes within three years of March 15, 2002.

20. 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.

21. 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.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. 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.

24. 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.

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

26. 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 on the Bonds is excluded from gross income for federal income tax purposes.

27. 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.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and 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 Bonds from gross income for federal income tax purposes.

29. 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 on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

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

31. The Issuer has either (a) funded the Series 2002 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2002 A Bonds in the then current or any succeeding year with the proceeds of the Series 2002 A Bonds, or (b) created the Series 2002 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2002 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2002 A Bonds in the then current or any succeeding year. Monies in the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 A Bonds and will not be available to pay costs of the Expanded Project.

32. 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.

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

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

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

35. The Bonds are each 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.

36. 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.

37. 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.

38. 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.

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

40. 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.

41. 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.

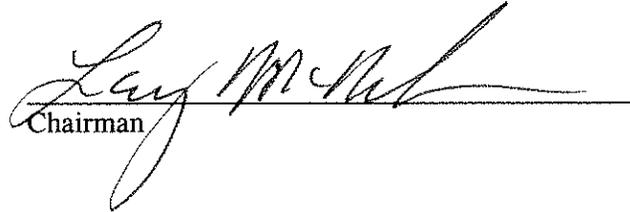
42. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

43. Steptoe & Johnson PLLC 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.

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

WITNESS my signature on this 15th day of March, 2002.

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

  
Chairman

03/05/02  
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SEP 3 - 1997

At a Regular Session of the County Commission of Kanawha County, West Virginia,

WATER & WASTEWATER DIVISION

held at the Courthouse thereof, on the 28th day of August, 1997, the following order was made

and entered:

SUBJECT: ORDER IN THE MATTER OF THE CONSOLIDATION OF PAINT CREEK AND LONDON PUBLIC SERVICE DISTRICTS

The following motion was offered by Louis H. Bloom

Commissioner

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SECRETARY'S OFFICE

Pursuant to 16-3A-2 (a) the County Commission of Kanawha County, West Virginia proposed the consolidation of the London Public Service District and the Paint Creek Public Service District, by order dated July 17, 1997.

By the same order the County Commission ordered a public hearing on August 14, 1997, at 5:00 p.m. The County Commission further ordered that the public hearing be advertised as a Class I Publication, which affidavit is attached hereto and made a part hereof, and did further order that notice be posted in five (5) conspicuous places in both district, which is evidenced by an affidavit attached and made a part hereof. Said hearing was held and there were no objections to the proposed consolidation;

The County Commission of Kanawha County, West Virginia does hereby FIND that the consolidation of the London Public Service District and the Paint Creek Public Service District would be conducive to the preservation of public health, comfort and convenience for that area; and does further ORDER that London Public Service District and Paint Creek Public Service District be consolidated upon approval of the Public Service Commission to encompass an area as shown on the legal description attached hereto and made a part hereof.

The adoption of the foregoing motion having been moved by Louis H. Bloom,

Commissioner, and duly seconded by W. Kent Carper, Commissioner, the vote thereon

was as follows:

Henry C. Shores, President \_\_\_\_\_

Louis H. Bloom, Commissioner Aye

W. Kent Carper, Commissioner Aye

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SEP 4 1997

*Shores*

*Legal  
11/2/97*



DESCRIPTION OF LAND TO BE INCLUDED IN THE CONSOLIDATED LONDON/PAINT  
CREEK PUBLIC SERVICE DISTRICT

Beginning at the northwestern end of the lock wall along the Kanawha river Bank of the London Locks proceeding upstream along the northern bank of the Kanawha River approximately 7400 feet to a point on the existing London Public Service District boundary;

Thence, next 30 calls proceeding along existing London Public Service District boundary, northeasterly approximately 5400 feet to a ridge top of elevation 1641;

Thence, proceeding northeasterly approximately 4500 feet to a hilltop of elevation 1542;

Thence, proceeding easterly approximately 2900 feet to a hilltop of elevation 1528;

Thence, proceeding northerly approximately 4000 feet to a hilltop;

Thence, proceeding easterly approximately 1600 feet to a hilltop;

Thence, proceeding northwesterly approximately 2800 feet to a hilltop of elevation 1580;

Thence, proceeding northeasterly approximately 7100 feet to a hilltop of elevation 1652;

Thence, proceeding easterly approximately 1900 feet to a hilltop;

Thence, proceeding south easterly approximately 2200 feet to a hilltop of elevation 1600;

Thence, proceeding northeasterly approximately 2400 feet to a hilltop of elevation 1608;

Thence, proceeding northwesterly approximately 1950 feet to a hilltop;

Thence, proceeding southwestly approximately 1600 feet to a hilltop;

Thence, proceeding northwesterly approximately 3200 feet to a hilltop of elevation 1742;

Thence, proceeding northeasterly approximately 4000 feet to a hilltop;

Thence, proceeding northwesterly approximately 2300 feet to a hilltop;

Thence, proceeding northerly approximately 1600 feet to a hilltop;

Thence, proceeding westerly approximately 3450 feet to a hilltop;

Thence, proceeding northwesterly approximately 2300 feet to a hilltop;

Thence, proceeding southerly approximately 1500 feet to a hilltop;

Thence, proceeding westerly approximately 1900 feet to a hilltop;

Thence, proceeding southwesterly approximately 3000 feet to a hilltop;

Thence, proceeding southerly approximately 3600 feet to a hilltop;

Thence, proceeding southerly approximately 1450 feet to a hilltop of elevation 1600;

Thence, proceeding southerly approximately 1300 feet to a hilltop of elevation 1687;

Thence, proceeding westerly approximately 5500 feet to a hilltop of elevation 1612;

Thence, proceeding southwesterly approximately 3200 feet to a hilltop of elevation 1665;

Thence, proceeding southwesterly approximately 6600 feet to a hilltop of elevation 1560;

Thence, proceeding southeasterly approximately 2800 feet to a hilltop of elevation 1592;

Thence, proceeding southwesterly approximately 2900 feet to a navigation light on the eastern bank of the Kanawha River near River Mile 81.

Thence, leaving the existing London Public Service District boundary and proceeding along the same line crossing the Kanawha River approximately 800 feet to a point on the southern bank of the Kanawha River;

Thence, following the southern bank of the Kanawha River and down the river approximately 11,600 feet to a navigation light on the bank of the Kanawha River;

Thence, proceeding southwesterly approximately 3200 feet to a ridge top of elevation 1440;

Thence, proceeding easterly approximately 4450 to a point, said point being on the existing Paint Creek Public Service District boundary and having a Latitude of North  $38^{\circ} 1.1 39$  and a Longitude of  $81^{\circ} 24 32$ ;

Thence, proceeding along existing Paint Creek Public Service District boundary, South 20,120 feet to a point;

Thence, proceeding along existing Paint Creek Public Service District boundary South  $60^{\circ} 00$  East 2500 feet to a point;

Thence, proceeding along existing Paint Creek Public Service District boundary North 1700 feet and crossing the WV Route 83 to a point;

Thence, proceeding along existing Paint Creek Public Service District West 300 feet to a point;

Thence, proceeding along existing Pain Creek Public Service District North 18,000 feet to a point;

Thence, proceeding along existing Pain Creek Public Service District East 1500 feet to a point;

Thence, proceeding along existing Pain Creek Public Service District North 3000 feet to a point;

Thence, proceeding easterly and leaving the existing Paint Creek Public Service District boundary and on the way crossing the WV Route 61 and the Kanawha River approximately 5150 feet to the point of beginning comprising 12.61 square miles. Excepted from the above is Corporation of Pratt.



At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 24th day of January, 2002, the following order was made and entered:

SUBJECT: REAPPOINTMENT OF WILLIAM JOHNSON TO THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

The following motion was offered by W. Kent Carper,  
Commissioner:

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of William Johnson, a member of the Upper Kanawha Valley Public Service District, doth ORDER that William Johnson, Box 92, London, West Virginia 25126, be reappointed to the Upper Kanawha Valley Public Service District for a term expiring December 18, 2007.

It is further ORDERED that the said William Johnson shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by W. Kent Carper,  
Commissioner, and duly seconded by Henry C. Shores, Commissioner, the vote thereon was as follows:

Dave Hardy, President	<u>Aye</u>
Henry C. Shores, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

WHEREUPON, Dave Hardy, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Dave Hardy  
Dave Hardy, President

Henry C. Shores  
Henry C. Shores, Commissioner

W. Kent Carper  
W. Kent Carper, Commissioner

Approved By: Mr. J. Sh...  
County Attorney

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 24th day of January, 2002, the following order was made and entered:

SUBJECT: REAPPOINTMENT OF WANDA GABBARD TO THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

The following motion was offered by W. Kent Carper,  
Commissioner

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Wanda Gabbard, a member of the Upper Kanawha Valley Public Service District, doth ORDER that Wanda Gabbard, Post Office Box 76, Hansford, West Virginia 25103, be reappointed to the Upper Kanawha Valley Public Service District for a term expiring December 18, 2007.

It is further ORDERED that the said Wanda Gabbard shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by W. Kent Carper,  
Commissioner, and duly seconded by Henry C. Shores, Commissioner, the vote thereon was as follows:

Dave Hardy, President	<u>Aye</u>
Henry C. Shores, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

WHEREUPON, Dave Hardy, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Dave Hardy  
Dave Hardy, President

Henry C. Shores  
Henry C. Shores, Commissioner

W. Kent Carper  
W. Kent Carper, Commissioner

Approved By: Merrill J. Shores  
County Attorney

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 18th day of December, 1997, the following order was made and entered:

SUBJECT: APPOINTMENT OF LARRY McMICHEN TO THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

The following motion was offered by Louis H. Bloom,  
Commissioner \_\_\_\_\_:

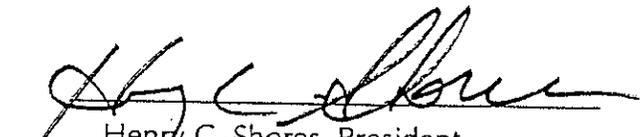
The County Commission of Kanawha County, West Virginia, hereby appoints Larry McMichen, P.O. Box 329, Gallagher, West Virginia 25083, to the Upper Kanawha Valley Public Service District for a term expiring on December 18, 2003.

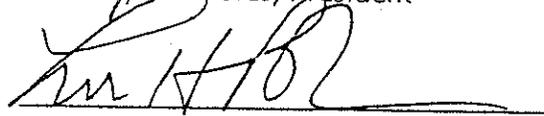
It is further ORDERED that the said Larry McMichen shall appear at the office of the County Commission and shall qualify by taking the oath of office as required by Chapter 16, Article 13A, Section 3 of the Code of West Virginia, 1991, as amended.

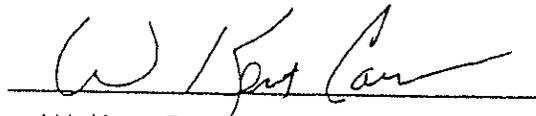
The adoption of the foregoing motion having been moved by Louis H. Bloom,  
Commissioner, and duly seconded by W. Kent Carper, Commissioner, the vote thereon was as follows:

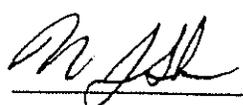
Henry C. Shores, President	<u>Aye</u>
Louis H. Bloom, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

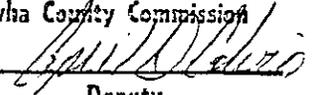
WHEREUPON, Henry C. Shores, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

  
Henry C. Shores, President

  
Louis H. Bloom, Commissioner

  
W. Kent Carper, Commissioner

Approved By:   
County Attorney

ALMA V KING, do hereby certify  
that this is a true copy from the original.  
Teste: ALMA V. KING, Clerk  
Kanawha County Commission  
Date 12-14-99 By   
Deputy

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 18th day of December, 1997, the following order was made and entered:

SUBJECT: APPOINTMENT OF LANNY K. TONEY TO THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

The following motion was offered by Louis H. Bloom,  
Commissioner:

The County Commission of Kanawha County, West Virginia, hereby appoints Lanny K. Toney, H.C. 64, Box 114, Gallagher, West Virginia 25083, to the Upper Kanawha Valley Public Service District for a term expiring on December 18, 2003.

It is further ORDERED that the said Lanny K. Toney shall appear at the office of the County Commission and shall qualify by taking the oath of office as required by Chapter 16, Article 13A, Section 3 of the Code of West Virginia, 1991, as amended.

The adoption of the foregoing motion having been moved by Louis H. Bloom, Commissioner, and duly seconded by W. Kent Carper, Commissioner, the vote thereon was as follows:

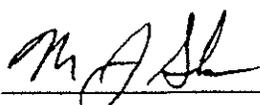
Henry C. Shores, President	<u>Aye</u>
Louis H. Bloom, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

WHEREUPON, Henry C. Shores, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

  
Henry C. Shores, President

  
Louis H. Bloom, Commissioner

  
W. Kent Carper, Commissioner

Approved By:   
County Attorney

ALMA Y KING, do hereby certify  
that this is a true copy from the original.  
Teste: ALMA Y. KING, Clerk  
Kanawha County Commission  
Date 12/22/97 By   
Deputy

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 24th day of January, 2002, the following order was made and entered:

SUBJECT: REAPPOINTMENT OF CHARLES FRIDDELL TO THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

The following motion was offered by W. Kent Carper,  
Commissioner

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Charles Friddell, a member of the Upper Kanawha Valley Public Service District, doth ORDER that Charles Friddell, 5127 Hughes Creek Road, Post Office Box 138, Hugheston, West Virginia 25110 , be reappointed to the Upper Kanawha Valley Public Service District for a term expiring December 18, 2005.

It is further ORDERED that the said Charles Friddell shall appear at the office of the County Commission and shall qualify by taking the oath of office as required in Chapter 16, Article 13A, Section 3, of the Code of West Virginia, 1931, as amended.

The adoption of the foregoing motion having been moved by W. Kent Carper,  
Commissioner, and duly seconded by Henry C. Shores, Commissioner, the vote thereon was as follows:

Dave Hardy, President	<u>Aye</u>
Henry C. Shores, Commissioner	<u>Aye</u>
W. Kent Carper, Commissioner	<u>Aye</u>

WHEREUPON, Dave Hardy, President declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Dave Hardy  
Dave Hardy, President

Henry C. Shores  
Henry C. Shores, Commissioner

W. Kent Carper  
W. Kent Carper, Commissioner

Approved By: M. J. Shale  
County Attorney



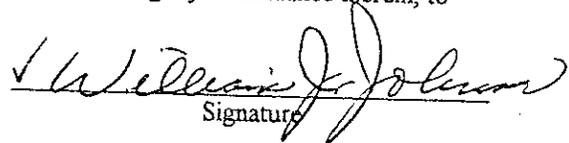
235-24 3417

**OFFICER'S OATH**

**THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:**

I, William Johnson, having been duly reappointed to the  
Office of Upper Kanawha Valley Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State  
and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to  
the best of my skill and judgment, so help me, God.

  
Signature

Subscribed and sworn to before the undersigned, Commissioner of said county,

This 24th day of January, 2002.

  
County Commissioner

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:

I, Wanda Gabbard, having been duly reappointed to the  
Office of Upper Kanawha Valley Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State  
and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to  
the best of my skill and judgment, so help me, God.

Wanda Gabbard  
Signature

Subscribed and sworn to before the undersigned, Commissioner of said county,  
This 24th day of January, 20 02.

Dave Hardy  
County Commission

00711  
OFFICER'S OATH

LIBER 225-200

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, To-Wit:

I, Larry McMicken who has been duly Appointed to  
the office of Upper Kanawha Valley PSD Sewer

do solemnly swear that I will support the Constitution of the United States and the Constitution  
of this State, and that I will truly and faithfully discharge all the duties of said office, during my  
continuance therein, to the best of my skill and judgment, so help me, God.

Larry McMicken

Subscribed and sworn to before the undersigned, Clerk of the Commission of said  
county, this 4 day of December 1997.

Alma Y. King, Clerk

I, ALMA Y. KING, do hereby certify  
that this is a true copy from the record  
Teste: ALMA Y. KING, Clerk  
Kanawha County Commission

Date 9/13/99 By Henry Hines  
Deputy

LIBER 225 202

00713  
OFFICER'S OATH

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, To-Wit:

I, LANNY K. TONEY who has been duly appointed to  
the office of Upper Kanawha Valley PSD

do solemnly swear that I will support the Constitution of the United States and the Constitution  
of this State, and that I will truly and faithfully discharge all the duties of said office, during my  
continuance therein, to the best of my skill and judgment, so help me, God.

Lanny K. Toney

Subscribed and sworn to before the undersigned, Clerk of the Commission of said  
county, this 4th day of December 1997.

Alma Y. King, Clerk

I, ALMA Y. KING, do hereby certify  
that this is a true copy from the record  
Teste: ALMA Y. KING, Clerk  
Kanawha County Commission  
Date 9/13/99 By Greg Hies  
Deputy

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, KANAWHA COUNTY, TO WIT:

I, Charles Friddell, having been duly reappointed to the  
Office of Upper Kanawha Valley Public Service District

do solemnly swear that I will support the Constitution of the United States and the Constitution of this State  
and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to  
the best of my skill and judgment, so help me, God.

  
Signature

Subscribed and sworn to before the undersigned, Commissioner of said county,  
This 24th day of January, 20 02.

  
County Commissioner



RULES OF PROCEDURE

UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Handley Nazarene Church, Handley, Kanawha County, West Virginia.

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

Section 4: The fiscal year of the District shall begin on July 1 of 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 Kanawha 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 third Tuesday 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 agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special 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 (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Kanawha County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Kanawha County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specialy scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

## ARTICLE V

### OFFICERS

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

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District 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, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

## ARTICLE VII

### AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed 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, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 19th day of February, 2002.

02/13/02  
924750/00001



EXHIBIT  
2

**LEGAL ADVERTISEMENT**  
 the bank charge.  
 Form of application for a certificate of convenience and necessity will be filed with the Public Service Commission and enter the second publication of this notice.  
**TOWN OF PRATT and UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT (81761)**

**LEGAL ADVERTISEMENT**  
 anticipate any increase in rates to its customers as a result of the proposed upgrade.  
 The Upper Kanawha Valley Public Service District proposes to charge the following rates and charges to its customers:  
**APPLICABILITY**  
 Applicable to entire territory served.

**AVAILABILITY OF SERVICE**  
 Available for general domestic, commercial and industrial sewer service.  
**METER RATE** (Based upon the metered amount of water used per month)  
 1/2 inch meter — \$11.38 per month  
 3/4 inch meter — \$19.03 per month  
 1 inch meter — \$45.45 per month  
**MINIMUM CHARGE**  
 The above schedule is subject to a minimum monthly charge of \$19.33 (based upon 1,000 gallons)  
 5/8 inch meter — \$11.38 per month  
 3/4 inch meter — \$19.03 per month  
 1 inch meter — \$45.45 per month  
**FLAT RATE - USERS REGISTERED ON WELLS** (Based upon 3,500 gallons)  
 DELAYED PAYMENT PENALTY  
 The above stated rates are flat. On all current usage bills, late payment penalty (20% per month) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is applicable.  
**SERVICE CONNECTION FEE**  
 Before Construction — \$50.00  
 After Construction — \$250.00  
**SERVICE CONNECTION/ DISCONNECTION FEE**  
 If service is discontinued for failure to pay a bill when due, a disconnection charge of twenty dollars (20%) will be assessed. If service is reconnected, a reconnection fee of twenty dollars (\$20.00) will be made.  
**CUSTOMER CHECK RETURN CHARGE**  
 When a check is received by the District for payment of a customer's account which is later returned unpaid due to insufficient funds, the District will impose a return check fee of \$10.00. Change in this price, if addition is

**PUBLIC NOTICE**  
 Notice is hereby given pursuant to the requirements of West Virginia Code 17-13A-25 at the instant of the Town of Pratt ("Town") and the Upper Kanawha Valley Public Service District ("District") to file a joint application with the Public Service Commission and necessity of construction of the Town's wastewater treatment plant and sewer system and to construct a sanitary sewer system within the District's service territory established by the County Commission of Kanawha County.  
 The upgrade of the Town's wastewater system will increase the capacity to 350,000 gallons per day and will meet the present and future needs of Upper Kanawha Valley Public Service District and the Town of Pratt.  
 The District's proposed sewage collection system will provide service to all users in the Pratt Creek Area, the area of the unincorporated area of Pratt, Huntington and Hughes Creek areas of Kanawha County.  
 The complete system will be comprised of nine (9) pumping stations, approximately 30,500 LF of gravity sewer mains and necessary manholes, river crossings, forcemains, river crossings and miscellaneous components required for a complete system.  
 The total project cost is estimated to be \$10,787,450 to be financed through a West Virginia Infrastructure and Jobs Development grant of \$5,393,725 a WV/JDC loan of \$5,393,725 at a rate of one percent (1%) interest for a period of forty (40) years, a WV State Revolving Fund Loan in the amount of \$10,787,450 at one percent interest (1%) for a period of forty (40) years. The amount of \$1,799,000 and a grant from the Kanawha County Commission in the amount of \$3,598,000.

The Town of Pratt does not



**CHARLESTON NEWSPAPERS**  
 P.O. Box 2993  
 Charleston, West Virginia 25330  
 Billing 248-4898  
 Classified 248-4848  
 1-800-WVA-NEWS  
 FEIN 53-0676079

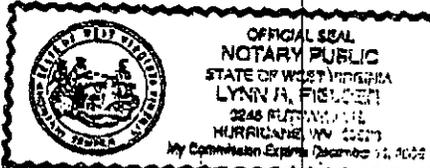
INVOICE DATE	05/13/98
ACCOUNT NBR	047834006
SALES REP ID	0016
INVOICE NBR	531961001

Legal pricing is based upon 67 words per column inch at a rate of \$.0925 per word.  
 Each successive insertion is discounted by 25% of the first insertion rate (\$.069375 per word).

ISSUE DATE	AD TYPE	PHYS	DESCRIPTION	AD NUMBER	AD SIZE	TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
05/04	LEGE	GZ	WASTEWATER PLANT	L422763	1X1513	15.13	6.19	93.66	93.66
05/11	LEGR	GZ	WASTEWATER PLANT		1X1513	15.13	6.19	93.66	
			LEGAL DISCOUNT 25%					23.42-	70.24
<b>TOTAL INVOICE AMOUNT</b>									<b>163.90</b>

State of West Virginia, **AFFIDAVIT OF PUBLICATION**

I, Sandra Leagy of



THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:

**WASTEWATER PLANT** was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County West Virginia, on the 5TH day of MAY 1998. Published during the following dates: 05/04/98-05/11/98

Subscribed and sworn to before me this 14 day of May

Lynn A. Fielder  
 Notary Public of Kanawha County, West Virginia

Printers fee \$ 163.90



Upper Kanawha Valley Public Service District  
Minutes of Regular Meeting on January 15, 2002

The meeting was called to order by Mr. McMichen at 7:05 PM at Handley Nazarene Church.

Present were Commissioners Wanda Gabbard, Bill Johnson, Charlie Friddell, Larry McMichen and Lanny Toney. Also present, Bill Cunningham from Ghosh Engineers.

Mrs. Gabbard moved to accept the minutes of the December 18<sup>th</sup> regular meeting. Mr. Johnson seconded. The motion carried unanimously.

Mr. Johnson moved to accept the minutes of the December 27<sup>th</sup> special meeting after Mr. Friddell asked for a correction. Mr. Friddell seconded. The motion carried unanimously.

Mr. Johnson moved to accept the treasurer's report. Mr. Friddell seconded. The motion was approved unanimously.

Mr. Friddell reported that discussions with the Moses regarding an easement to serve London Locks did not look promising. Mr. Friddell and Mr. Johnson will explore another option involving a different land owner.

Mr. Toney reported that he had, in response to Marty Prichard's request, asked Robert Rodecker, PSD Attorney, if it would be possible to establish a reduced rate for LPCA. Rodecker responded that based on previous experience he was certain the PSC would not allow it.

Mr. Friddell moved to authorize Mr. Toney to pay Pannell Excavating \$3000.00 or less to make road bore at Holly Grove in order to install a tap for a new customer. Mrs. Gabbard seconded. The motion passed unanimously.

Mr. Friddell asked Mr. Toney to discuss with Helen Turner moving the Past Due Date from the 20<sup>th</sup> to the 5<sup>th</sup> to make it more convenient for customers who receive checks on the first of the month.

Mrs. Gabbard moved to begin paying commissioners \$25.00 per month from water revenues as long as the water financial situation remains stable. Mr. Friddell seconded. The motion passed unanimously.

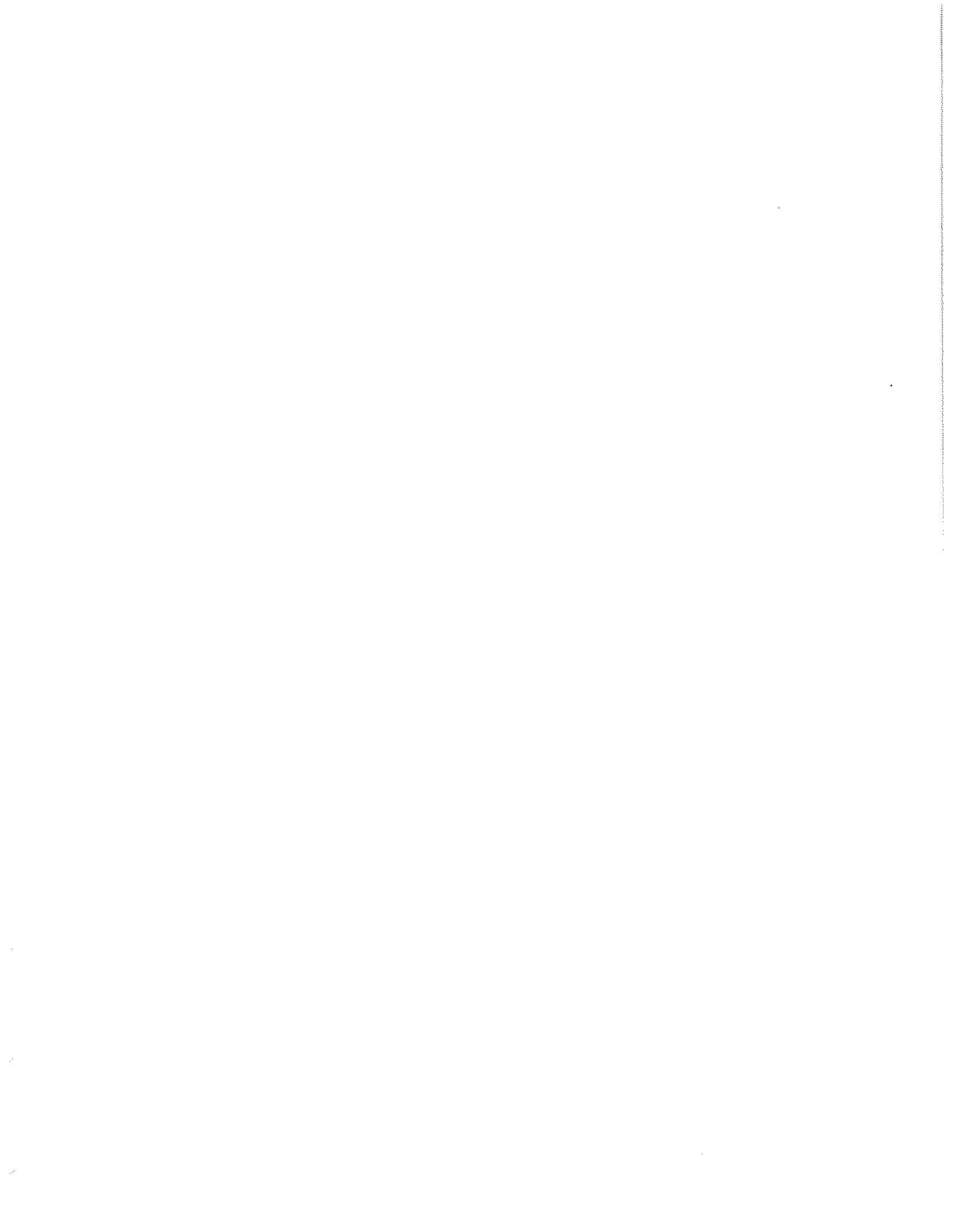
✓ Mr. Toney nominated Mr. McMichen to be Chairman for the new year. Mr. Friddell seconded. The motion passed unanimously.

✓ Mrs. Gabbard nominated Mr. Toney to be Secretary/Treasurer for the new year. Mr. Johnson seconded. The motion passed unanimously.

Mr. Cunningham reviewed the invoices for the past month. Mrs. Gabbard moved to approve them. Mr. Johnson seconded. The motion was approved unanimously.

Mrs. Gabbard moved to adjourn. Mr. Johnson seconded. The motion was approved unanimously.

Mr. McMichen adjourned the meeting at 8:20 PM.



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Upper Kanawha Valley Public Service District, hereby certifies 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 Upper Kanawha Public Service District met in special session, pursuant to notice duly posted, on the 19th day of February, 2002, in Pratt, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Larry McMichen	-	Chairman and Member
	Lanny Toney	-	Secretary/Treasurer and Member
	Wanda Gabbard	-	Member
	William Johnson		Member
	Charles Friddell		Member

ABSENT: None.

Larry McMichen, Chairman, presided, and Lanny Toney 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 proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Resolution in writing entitled:

RESOLUTION OF THE BOARD OF UPPER KANAWHA VALLEY  
PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING  
TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN  
ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE  
SEWERAGE SYSTEM OF THE DISTRICT AND AUTHORIZING  
PAYMENT THEREOF

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

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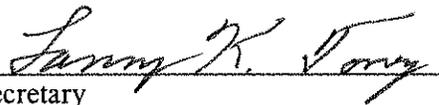
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There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

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

WITNESS my signature on this 15th day of March, 2002.

  
Secretary

03/05/02

CH503570.1

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A regular meeting of the Public Service Board of the Upper Kanawha Valley Public Service District (the "PSD") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on February 19, 2002, at 7:00 p.m., prevailing time, at the Handley Nazarene Church, Rt. 61, Handley, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER-

AGE SYSTEM OF THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$60,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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.

The above-quoted title of the Resolution described generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public sewerage system of the PSD and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the PSD.

At the Regular Meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: February 6, 2002.

Larry McMichen  
Chairman (452737)



CHARLESTON NEWSPAPERS

P.O. Box 2993  
Charleston, West Virginia 25330  
Billing 348-4898  
Classified 348-4848  
1-800-WVA-NEWS  
FEIN 55-0676079

INVOICE DATE	02/11/02
ACCOUNT NBR	049350000
SALES REP ID	0070
INVOICE NBR	909553001

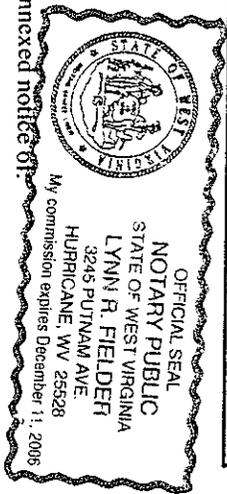
Legal pricing is based upon 63 words per column inch.  
Each successive insertion is discounted by 25% of the first insertion rate.  
The Daily Mail is at a rate of \$ 0.825 per word, and the Charleston Gazette is at a rate of \$ .0925 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION	AD NUMBER	AD SIZE	RATE	GROSS AMOUNT	NET AMOUNT
02/08	LEGF	GZ	KV PSD 909553001	L452737	1X1000	5.82	58.20	58.20
TOTAL INVOICE AMOUNT								58.20

State of West Virginia, AFFIDAVIT OF PUBLICATION

I, *Shirley Hays* of

THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of



was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of said Kanawha County, West Virginia, on the 9TH day of FEBRUARY 2002, Published during the following dates: 02/08 02/02/08/02  
Subscribed and sworn to before me this 13 day of February  
Printers fee \$ 58.20

*Shirley Hays*  
Notary Public of Kanawha County, West Virginia



ISSUE: Upper Kanawha Valley Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 336, Gallagher, WV 25083 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: X  
 Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 15, 2002 CLOSING DATE: March 15, 2002

ISSUE AMOUNT: \$ 300,000 RATE: 0.5%

1ST DEBT SERVICE DUE: March 1, 2003 1ST PRINCIPAL DUE: March 1, 2003

1ST DEBT SERVICE AMOUNT: \$ 2,758 PAYING AGENT: Municipal Bond Commission

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

UNDERWRITERS  
 COUNSEL: Jackson & Kelly PLLC  
 Contact Person: Samme Gee, Esquire  
 Phone: 340-0216

CLOSING BANK: The City National Bank of West Virginia  
 Contact Person: Judy Shawkey  
 Phone: 442-2475

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

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: Larry McMichen  
 Position: Chairman  
 Phone: 342-6144

OTHER: WV Infrastructure and Jobs Development Council  
 Contact Person: Katy Mallory, P.E.  
 Function: Executive Director  
 Phone: 558-4607

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

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

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

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

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

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

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

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

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

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



Form 8038-G

Information Return for Tax-Exempt Governmental Obligations

(Rev. November 2000)

Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

Department of the Treasury Internal Revenue Service

See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here

Form section for Part I: Reporting Authority. Includes fields for Issuer's name (Upper Kanawha Valley Public Service District), Issuer's employer identification number (62-1352632), Report number (3-2002-1), Date of issue (March 15, 2002), Name of issue (Upper Kanawha Valley Public Service District, Sewer Rev. Bonds, Series 2002 A (WVIF)), and Name and title of officer (John C. Stump, Esquire).

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

Form section for Part II: Type of Issue. Includes checkboxes for Education, Health and hospital, Transportation, Public safety, Environment (checked), Housing, Utilities, and Other. Issue price entered as 300,000.00.

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

Table for Part III: Description of Obligations. Columns include (a) Final maturity date (March 1, 2032), (b) Issue price (\$300,000.00), (c) Stated redemption price at maturity (\$2,754.00), (d) Weighted average maturity (15.817 years), and (e) Yield (0.5003702 %).

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

Table for Part IV: Uses of Proceeds of Bond Issue. Includes rows for accrued interest, bond issuance costs (11,000.00), credit enhancement, and advance refund prior issues, totaling 289,000.00.

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

Form section for Part V: Description of Refunded Bonds. Fields for remaining weighted average maturity (N/A) and date of issue (N/A).

Part VI Miscellaneous

Form section for Part VI: Miscellaneous. Includes fields for state volume cap, guaranteed investment contract (IRS-OSC-0528), pooled financings (State of West Virginia), and issuer designations.

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

Sign Here: Signature of issuer's authorized representative (Larry McMichen), Date (3/15/02), and Type or print name and title (Larry McMichen, Chairman).



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

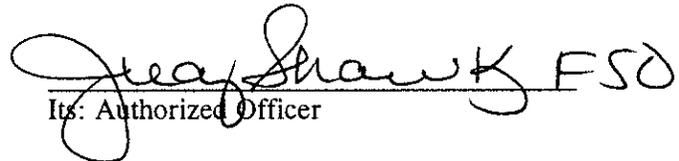
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The City National Bank of West Virginia, Montgomery, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Upper Kanawha Valley Public Service District (the "Issuer"), both adopted February 19, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated March 15, 2002, issued in the principal amount of \$300,000 (the "Bonds"), as set forth in the Bond Legislation.

WITNESS my signature on this 15th day of March, 2002.

THE CITY NATIONAL BANK  
OF WEST VIRGINIA

  
Its: Authorized Officer

03/05/02  
924750.00001



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

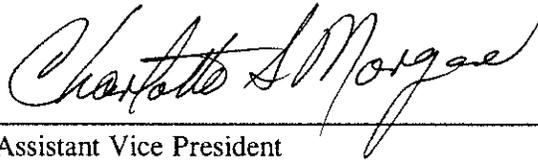
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Upper Kanawha Valley Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated March 15, 2002, issued in the principal amount of \$300,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 15th day of March, 2002.

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in cursive script, appearing to read "Charlotte Morgan", is written over a horizontal line.

Assistant Vice President

03/05/02  
924750.00001



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

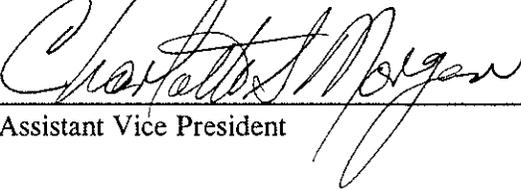
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Upper Kanawha Valley Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Upper Kanawha Valley Public Service District Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, dated March 15, 2002, in the principal amount of \$300,000, numbered AR-1, is registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 15th day of March, 2002.

BRANCH BANKING AND TRUST COMPANY



Assistant Vice President

03/05/02  
924750.00001



UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of March, 2002, by and between UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$300,000 Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted February 19, 2002, and a Supplemental Resolution adopted February 19, 2002 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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: Upper Kanawha Valley Public Service District  
Post Office Box 336  
Gallagher, West Virginia 25083  
Attention: Chairman

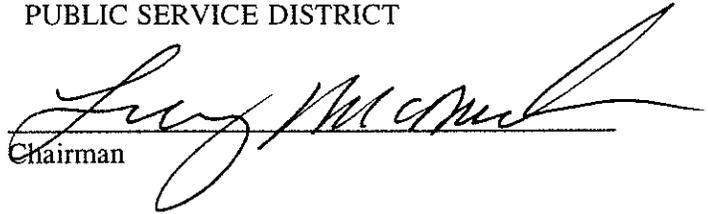
REGISTRAR: Branch Banking and Trust Company  
Post Office Box 1793  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

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

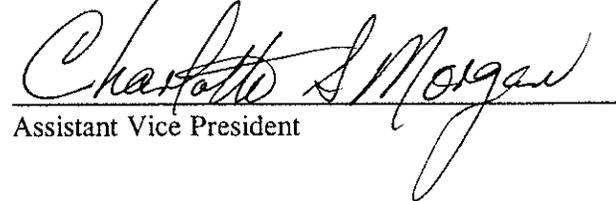
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

UPPER KANAWHA VALLEY  
PUBLIC SERVICE DISTRICT

  
Chairman

BRANCH BANKING AND TRUST COMPANY

  
Assistant Vice President

03/05/02  
924750.00001



**Trust Department**

300 Summers Street  
P.O. Box 1793  
Charleston, WV 25326  
(304) 348-7081  
(800) 336-5450

March 15, 2002

Upper Kanawha Valley Public Service District  
Attention: Chairman  
Post Office Box 336  
Gallagher, WV 25083

RE: Invoice

UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT SEWER REVENUE  
BONDS, SERIES 2002 A (WV INFRASTRUCTURE FUND)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND  
AUTHENTICATING AGENT.....\$250.00

**Please forward remittance to:**

Branch Banking and Trust Co.  
Attn: Charlotte S. Morgan  
P. O. Box 1793  
Charleston WV 25326  
Telephone: (304) 348-7239





The operation and maintenance of the proposed facilities are to be performed by the Town of Pratt through contractual arrangements with the Upper Kanawha Valley Public Service District.

**This permit is subject to the following terms and conditions:**

The information submitted on, and with, Permit Application No. WV0105538, dated the 5th day of August 1998, and additional information, received the 3rd day of September 1998, are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein, and with other conditions set forth in Sections A, B, and C, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

**THE WASTEWATER COLLECTION SYSTEM PROJECT SHALL BE CONSTRUCTED IN ACCORDANCE WITH:**

**Plans, Specifications, and Reports:**

Date Approved: May 27, 1998

Prepared by: Ghosh Engineers, Inc.

12th Floor Union Building

723 Kanawha Boulevard East

Charleston, WV 25301

Title: Upper Kanawha Valley Public Service District

Kanawha County, West Virginia

Contracts 1-4 - Sanitary Sewer Systems Improvements

SRF Project No. C-544255

**B. SCHEDULE OF COMPLIANCE**

1. The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:

On, or before,  
December 1, 1999

-Begin Construction

On, or before  
December 1, 2000

-Complete Construction

2. Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.

**C. OTHER REQUIREMENTS**

1. The herein described wastewater collection works, structures, electrical and mechanical equipment, and associated appurtenances shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level, and operability shall be maintained during the twenty-five (25) year flood level.
2. The major lift stations shall be adequately protected by fencing.
3. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Chief of the Office of Water Resources, as provided in Title 47, Series 10, Section 14, of the West Virginia Legislative Rules.
4. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Chief of such violation or suspected violation.
5. If any existing nondomestic discharge is identified as being subject to 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.
6. The requirements of Appendix A, Part II, Section 4, Upset, attached, hereto, shall not be applicable.

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. WV0105538, dated the 5th day of August 1998**; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with **Permit Application No. WV0105538, dated the 5th day of August 1998**; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Articles 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.

By:   
Chief





AGREEMENT

This AGREEMENT Made this 9th day of November, 1999, by and between the TOWN OF PRATT, a municipal corporation, hereinafter designated as TOWN, the UTILITIES BOARD OF THE TOWN OF PRATT, hereinafter designated as BOARD, and the UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

WITNESSETH:

WHEREAS, the TOWN owns and the BOARD is responsible for the operation of a wastewater treatment plant for which improvements are planned with the capability of providing secondary treatment levels as established by the United States Environmental Protection Agency and the West Virginia Division of Environmental Protection; and,

WHEREAS, the DISTRICT is planning to construct a sanitary sewer system within the confines of its area as described in the order of the Kanawha County Commission, dated August 28, 1997, establishing its district and to place into effect certain rates and charges to be made by it for the sale of its services to its customers; and

WHEREAS, the TOWN'S wastewater treatment plant and sewer system will be upgraded to have an adequate design capacity to handle the DISTRICT and the TOWN agrees to reserve an adequate portion of the design capacity for use by the DISTRICT, subject to the terms set forth herein; and,

WHEREAS, the DISTRICT desires to connect to the sewerage treatment plant of the TOWN and to be provided with secondary, or higher grade when required, treatment of wastewater delivered to the TOWN'S plant by the DISTRICT; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The DISTRICT shall design and cause to be constructed, at its sole cost, a sanitary sewer system meeting generally accepted sanitary engineering standards which will collect sewage from within the boundaries of the DISTRICT to be transported to the TOWN'S sewerage treatment plant, with construction contingent upon the availability and granting of sums sufficient for such construction from federal, state and/or county agencies.

2. The TOWN shall receive, treat and dispose of the wastewater from the DISTRICT at the BOARD'S Wastewater Treatment Plant. The BOARD shall maintain responsibility for discharge of treated wastewater in accordance with State and Federal laws and regulations; the DISTRICT shall not be liable for fines or penalties as a result of discharge violations resulting from improper operation of said Wastewater Treatment Plant; however, the DISTRICT shall be liable for any fine and/or penalty incurred as a result of discharge violations occurring at the Wastewater Treatment Plant that are a direct result of the introduction of prohibited materials into the District's collection system.

3. The fee for treatment of the DISTRICT'S wastewater by the BOARD shall be based upon the water usage of customers discharging sewage into the DISTRICT'S system, and such fee is hereby established as \$1.50 per 1,000 gallons of flow. The rate contained herein is to be based upon metered water consumption records. Said fee reflects the total cost of said treatment and disposal on the basis of the water consumption of all customers introducing wastewater into the Board's treatment plant, and includes a pro rata share of the cost of the operation of the treatment plant, as well as administration, operation, maintenance and any additional cost of service costs, including any and all legal fees incurred by the BOARD as a result of this Agreement. The parties hereto agree that the aforesaid fee has been mutually agreed to prior to any treatment and disposal of the DISTRICT'S wastewater in accordance with the intent and general concepts as described in Attachment "A" hereto. At the completion of the audit for the fiscal year ending June 30 of the first year of operation of the upgraded treatment plant, and each fiscal year thereafter, the rate for the next fiscal year shall be calculated by the BOARD by applying the formula attached hereto (Attachment "A") to the costs reflected in said audits and arriving at a cost based charge per thousand gallons of water usage by the sewage system customers. Said BOARD will notify DISTRICT of said new rate, together with the calculations showing how it was developed, and not later than ninety (90) days after said notification the new rate will become effective.

If a dispute arises regarding the correctness of the calculation of the new rate, the new rate will remain in effect until the resolution of the dispute, and upon resolution a refund can be made if the resolution establishes that the new rate is excessive. After completion of the construction of the upgrade to the Board's treatment plant, all new modifications of the treatment plant required to accommodate the DISTRICT shall be charged to the DISTRICT.

3A. Should it become necessary to meter the DISTRICT'S wastewater through a master meter as a result of excessive infiltration and inflow, the cost of the metering facilities shall be at the sole cost to the DISTRICT in a manner and with equipment satisfactory to the BOARD. If the BOARD directs the DISTRICT to construct such a facility, the rates and charges contained herein will be modified under a cost of service study which sets out a rate based upon proportionate flows as reflected at the DISTRICT meter and the BOARD'S meter at the Town's Treatment Plant. In the event of a malfunction of the meter, said fee shall be based on comparable historical usage adjusted by any change in customers.

4. The DISTRICT will pay, and will protect, indemnify and save the BOARD and the TOWN harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the BOARD and TOWN) causes of actions, suits, claims, demands and judgments of any nature arising from:

- (A) any injury to or death of any person or damage to property in or upon DISTRICT'S property or facilities, or growing out of or connected with the use, non-use, condition or occupancy of the said DISTRICT'S property or facilities or a part thereof; such injuries and/or damage shall include any and all injuries or damage which may occur due to any failure or malfunction of the DISTRICT'S force main or lift stations caused by any flood, hailstorm, windstorm, Act of God, and any and all unprecedented meteorological events; any repairs, construction or alterations or remodeling thereto as performed by the DISTRICT or their authorized agents or servants, excluding the BOARD or its agents or servants, or the condition of the DISTRICT'S property or facilities including sidewalks, streets or alleys and any equipment or facilities at any time located on the DISTRICT'S property or under the DISTRICT'S control and used in connection therewith;
- (B) violation of any agreement, warranty, covenant or condition of this Agreement, except by the BOARD and the TOWN;
- (C) violation of any contract, agreement or restriction of the DISTRICT relating to the DISTRICT'S property or facilities, which shall have existed at the commencement of the Agreement; and

(D) violation of any law, ordinance, regulation or court order affecting the DISTRICT'S property or facilities or a part thereof or the ownership, occupancy or use thereof.

5. The DISTRICT shall submit to the BOARD one (1) copy of the DISTRICT'S construction plans and specifications to allow the BOARD sufficient time to review and approve the documents or allow for comments to be resolved.

6. The BOARD shall have the right to perform on-site inspections of the construction process and/or shall be part of the inspector qualification process, before construction begins on the DISTRICT'S system.

7. Within sixty (60) days after completion of construction, the DISTRICT shall provide to the BOARD one (1) set of "As-Built" plans and all records of "Hook-Ons" to allow the BOARD to properly maintain the system.

8. The BOARD shall perform service, maintenance, and repairs on and for the DISTRICT'S sanitary sewer system on an "as needed" and "as requested" basis.

9. The BOARD shall perform routine maintenance in accordance with the equipment manufacturer's specifications. The DISTRICT shall provide the BOARD with Operation and Maintenance Manuals and manufacturer's literature on all equipment to be serviced. Said routine maintenance will be performed in return for payment of the fee agreed to herein. The fee for the routine maintenance shall be established as \$1.0973 per 1,000 gallons of flow for the fiscal year

ending June 30 of the first year of operation. The rate contained herein is to be based upon metered water consumption records. The parties hereto agree that the aforesaid fee has been mutually agreed to prior to any work being performed on the DISTRICT'S system in accordance with the intent and general concepts as described in Attachment "B" hereto. At the completion of the audit for the fiscal year ending June 30 of the first year of operation of the upgraded treatment plant, and each fiscal year thereafter, the rate for the next fiscal year shall be calculated by the BOARD by applying the formula attached hereto (Attachment "B") to the costs reflected in said audits and arriving at a cost based charge per thousand gallons of water usage by the sewage system customers. Said BOARD will notify DISTRICT of said new rate, together with the calculations showing how it was developed, and not later than ninety (90) days after said notification the new rate will become effective.

If a dispute arises regarding the correctness of the calculation of the new rate, the new rate will remain in effect until the resolution of the dispute, and upon resolution a refund can be made if the resolution establishes that the new rate is excessive.

10. As part of the service included within the fee provided for herein, the BOARD is authorized to make service calls and perform necessary routine repairs or service on the DISTRICT'S sewer lines and lift stations in response to notification or a need by any resident utilizing the DISTRICT'S sanitary sewer system

without first clearing such action through the DISTRICT'S Board of Commissioners. Specifically, the BOARD is authorized to make any and all emergency repairs without question when, in the opinion of the BOARD'S designated individual, an emergency repair is needed. The DISTRICT will not reimburse the BOARD for any service calls or repairs on property not owned by the DISTRICT or covered by the DISTRICT'S easements.

The BOARD shall notify the DISTRICT of any extraordinary or major repairs which are required on the DISTRICT'S sewer system and are not emergency type repairs. The charge for non routine repairs, such as extraordinary, major, or emergency repairs shall be on a per call basis. Said charge will be calculated, per call, following the schedule of charges as described in Attachment "B" hereto. Charges for the materials necessary to make said repairs will be borne by the District. The parties agree hereto that the aforesaid charges have been mutually agreed to prior to any maintenance or repairs being made to the DISTRICT'S sewer system in accordance with the intent and general concepts as agreed in Exhibit 1 to Attachment "B". At the completion of the audit for the fiscal year ending June 30 of the first year of operation of the District's sewer system and each fiscal year thereafter, the rate for the next fiscal year shall be calculated by the BOARD by applying the formula attached hereto (Attachment "B") to the costs reflected in said audits and arriving at a cost based charge per bill. Said BOARD will notify DISTRICT of said new fee, together with the calculations showing how it was developed, and ninety (90)

days after said notification the new rate will become effective. If a dispute arises regarding the correctness of the calculation of the new rate, the new rate will remain in effect until the resolution of the dispute, and upon resolution a refund can be made if the resolution established that the new rate is excessive.

11. The BOARD shall install and maintain service lines within the DISTRICT'S easements or other rights of way, which will be required after the initial construction project is completed. The BOARD shall make extensions within the DISTRICT'S easements or other rights of way, to serve new customers, but only with written instruction and authorization from the DISTRICT. The BOARD shall inform the DISTRICT of the location of all service connections made. Payment to the BOARD for installing and maintaining service lines and connections shall be on cost of service basis.

12. The DISTRICT agrees that it shall not allow any non-domestic waste to be introduced into its property or facilities, including its sanitary sewer collection system, without the express written approval of the BOARD.

13. The BOARD shall bill the DISTRICT'S customers for sewer use at a rate established by the DISTRICT and approved by the Public Service Commission of West Virginia. The BOARD further agrees to accept payment by the DISTRICT'S customers, which shall be recorded and deposited into a bank account for the DISTRICT. The BOARD shall keep an account of all customers' bills and

payments received. The fee for the billing and collecting of the DISTRICT'S charges shall be on a per bill basis and such fee is hereby established as \$1.15 per bill for the fiscal year ending June 30 of the first year of operation. Said fee reflects the total cost of said billing and collection and includes a pro rata share of the administrative costs incident to this activity. The parties agree hereto that the aforesaid fee has been mutually agreed to prior to any billing for the DISTRICT'S customers in accordance with the intent and general concepts as described in Attachment "C", hereto. At the completion of the audit for the fiscal year ending June 30 of the first year of operation hereunder, and each fiscal year thereafter, the rate for the next fiscal year shall be calculated by the BOARD by applying the formula attached hereto (Attachment "C") to the costs reflected in said audits and arriving at a cost based charge per bill. Said BOARD will notify DISTRICT of said new fee, together with the calculations showing how it was developed, and ninety (90) days after said notification the new rate will become effective. If a dispute arises regarding the correctness of the calculation of the new rate, the new rate will remain in effect until the resolution of the dispute, and upon resolution a refund can be made if the resolution established that the new rate is excessive.

14. The BOARD shall have the same duties and responsibilities in reference to soliciting, enforcing or compelling payment of delinquent accounts of the DISTRICT'S customers as it has for its own customers.

15. The BOARD shall invoice the DISTRICT for all services on a monthly basis and the DISTRICT shall pay such invoices within thirty (30) days of receipt. The BOARD'S invoice shall have first priority in the distribution of funds available to meet the operation and maintenance expenses of the DISTRICT.

16. The term "cost of service" as used in this Agreement shall include, but not be limited to, all wages, benefits, equipment rentals, fuel, materials, supplies, administration and overhead which can be associated directly or indirectly for providing the agreed upon services.

17. The fees and charges made to the DISTRICT by the BOARD for providing the agreed upon services shall be established with the objective that the BOARD will receive fair compensation for providing said services and that neither party will subsidize the other's capital or operation expenses. The intent of this Agreement is that both parties shall mutually benefit.

18. The parties hereto shall, upon request, provide the other with financial reports and related information as may be required.

19. The parties hereto shall meet, at least annually, and as otherwise needed at a mutually agreed upon time and location, to discuss business, rates, communications, complaints, suggestions, etc., between the parties.

20. The DISTRICT shall not extend the boundaries of its Public Service District as it is now described in the Order of the

Kanawha County Commission establishing the DISTRICT nor shall it serve customers outside of its boundaries without specific written permission of the BOARD.

21. The DISTRICT may, at its option, elect to perform its own service, maintenance, repairs, billing or collecting should it develop that such or any part can be performed by the DISTRICT at a lower cost. If the DISTRICT elects to perform any of the agreed upon services, it must give the BOARD written notice of such election at least one year before termination. The BOARD may also terminate the maintenance, repairs, billing or collection arrangement on giving one year notice of its election to do so.

22. This Agreement is made by the parties hereto subject to the review and approval of the Public Service Commission of the State of West Virginia and likewise all modifications made to this Agreement and pursuant to its terms shall be subject to the same review and approval.

23. The length and duration of this Agreement shall be for a period of forty (40) years as to transportation and treatment, and for forty (40) years as to other services, subject to the above--mentioned elections to terminate on a one year notice.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement by their appropriate officers as of the day and year first above written.

ATTEST:

TOWN OF PRATT

Helen M. Turner

BY Paul Slack  
MAYOR

ATTEST:

  
\_\_\_\_\_

UTILITIES BOARD OF THE  
TOWN OF PRATT

BY   
\_\_\_\_\_ CHAIRMAN

ATTEST:

\_\_\_\_\_

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

BY   
\_\_\_\_\_ CHAIRMAN

**TOWN OF PRATT  
COST OF SERVICE STUDY**

**FOR SERVICE TO  
UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT**

**April 17, 1998**

**Smith, Cochran & Hicks, P.L.L.C.  
405 Capitol Street, Suite 908  
Charleston, WV 25301**

TOWN OF PRATT  
COST OF SERVICE STUDY

Attachment A

OPERATING & MAINTENANCE EXPENSES  
FOR THE YEAR ENDING 6-30-97

	ALLOCATION METHOD	PER BOOKS 6-30-97	PRO FORMA ADJUST.	PROFORMA	RECLASSIFY ADJUST.	RECLASSIFIED	ALLOCATED COSTS
<b>COLLECTING EXPENSE:</b>							
Collection Labor		2,078	4,084	6,162	1,470 (a)	7,632	
Supplies & Expense				0		0	
Maintenance of Service Connections				0		0	
Maintenance of collecting mains				0		0	
<b>Bill Collecting Expense</b>		<b>2,078</b>	<b>4,084 (f)</b>	<b>6,162</b>	<b>1,470</b>	<b>7,632</b>	<b>0</b>
<b>OPERATING EXPENSES:</b>							
Collection Labor		2,078		2,078	496 (a)	2,574	
Electricity & Fuel		3,047		3,047		3,047	
Supplies & Expense				0		0	
Maintenance of Pumping Equipment		577		577		577	
<b>Pumping Expense</b>		<b>5,702</b>	<b>0</b>	<b>5,702</b>	<b>496</b>	<b>6,198</b>	<b>0</b>
<b>TREATMENT &amp; DISPOSAL EXPENSES:</b>							
Collection Labor	A	4,084	33,396	37,480 (b)	8,942 (a)	46,422	35,622
Electricity & Fuel	A	6,807	6,793	13,600 (c)		13,600	10,407
Supplies & Expense - Lab	A	971	29	1,000 (e)		1,000	785
Chemical Treatment Expense	A	0	5,000	5,000 (f)		5,000	3,828
Sludge Removal	A	5,250	4,760	10,000 (g)		10,000	7,852
Maintenance of T&D equipment	A	2,992	8	3,000 (h)		3,000	2,296
Material & Replacement	A	0	7,800	7,800 (i)		7,800	6,916
<b>Treatment &amp; Disposal Expenses</b>		<b>20,104</b>	<b>57,776</b>	<b>77,880</b>	<b>8,942</b>	<b>86,822</b>	<b>66,363</b>
<b>UTILITY &amp; COLLECTING EXPENSES:</b>							
Salaries		5,894		5,894	1,408 (a)	7,302	
Collecting & Accounting				0		0	
Collectible Accounts				0		0	
Supplies & Expense		384		384		384	
<b>Billing &amp; Collecting Expenses</b>		<b>6,278</b>	<b>0</b>	<b>6,278</b>	<b>1,408</b>	<b>7,686</b>	<b>0</b>
<b>ADMINISTRATIVE &amp; GENERAL EXPENSES:</b>							
Stationer's Expense				0		0	
Telephone		570		570		570	
Office Supplies		513		513		513	
Professional Services		1,311		1,311		1,311	
Legal Services				0		0	
ATORY Commission Expense		138		138		138	
Insurance		5,141		5,141		5,141	
Employee Benefits		1,343	3,560 (d)	4,903	(4,903) (a)	0	
Depreciation		1,400		1,400		1,400	
<b>Administrative Expense</b>		<b>10,423</b>	<b>3,560</b>	<b>13,983</b>	<b>(4,903)</b>	<b>9,080</b>	<b>0</b>
<b>TOTAL</b>		<b>44,585</b>	<b>65,420</b>	<b>110,005</b>	<b>7,410</b>	<b>117,415</b>	<b>66,363</b>
<b>EMPLOYERS COMP</b>		<b>670</b>	<b>2,427 (d)</b>	<b>3,097</b>	<b>(3,097) (a)</b>	<b>0</b>	
<b>UNEMPLOYMENT</b>		<b>125</b>	<b>240 (d)</b>	<b>365</b>	<b>(365) (a)</b>	<b>0</b>	
		<b>1,081</b>	<b>2,867 (d)</b>	<b>3,462</b>	<b>(3,462) (a)</b>	<b>0</b>	
<b>OPERATION &amp; MAINTENANCE EXPENSE</b>		<b>46,481</b>	<b>70,954</b>	<b>117,415</b>	<b>0</b>	<b>117,415</b>	<b>66,363</b>
<b>CUSTOMER GALLONS</b>							<b>44,101.81</b>
<b>TREATMENT RATE PER 1000 GALLONS</b>							<b>\$1.5052</b>



TOWN OF PRATT  
COST OF SERVICE STUDY

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LIST OF ADJUSTMENTS  
THE YEAR ENDING 6-30-97

- ) Allocate employee benefits and taxes among the major categories of labor.
- ) Increase labor costs to reflect the wages of a class I plant operator and one full time laborer.

Estimated increase in power costs at the plant, as a result of the plant upgrade.

Increase in payroll taxes and benefits as a result of adding additional employees:

FICA	7.65%
Unemployment	1.5%
Workers Compensation	6.0%
Retirement	9.5%

Estimated increase in lab fees at the plant.

Estimated increase in costs for chlorine and sulfur dioxide.

Estimated costs for landfill fees. The Town will no longer truck sludge to the City of Montgomery for disposal.

Estimated costs for maintenance at the plant.

Reclassify labor expense from Treatment and Disposal to Collection System.

Estimated costs for renewal and replacement for the treatment and disposal plant. The Board will set aside \$.13 of the \$1.50 per 1000 gallons in a Renewal and replacement account. These funds will be used to replace major items within the treatment and disposal plant.

TOWN OF PRATT  
COST OF SERVICE STUDY

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Analysis of Water Consumption (in thousands of gallons)

Calculation Method A

% of Total

Upper Kanawha Valley PSD:

Paint Creek - Metered	14,166.24	
Paint Creek- Unmetered	1,632.00	
London/Hugheston	20,278.80	
Hansford	<u>8,024.57</u>	
 Total gallons UKVPSD	 44,101.61	 76.52%

Town of Pratt:

Pratt, Town of	<u>13,532.35</u>	
 Total gallons Town of Pratt	 <u>13,532.35</u>	 23.48%

Total gallons

57,633.96

**TOWN OF PRATT  
COST OF SERVICE STUDY**

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Attachment B

outine Operation & Maintenance Expense

	Total Costs
Labor ( see assumption 1)	31,200
Labor Overhead ( see assumption 2)	7,691
Truck Insurance ( see assumption 3)	3,000
Truck Fuel ( see assumption 4)	3,000
Truck Maintenance (see assumption 5)	1,100
Supplies ( see assumption 6)	2,400
	48,391
Annual Consumption of UKVPSD	44,102
Cost per 1000 gallons	\$1.0973

assumptions:

Labor expense contemplates that, for the first year of operations, the Board will hire two additional employees to be responsible for routine maintenance on the district's wastewater collection and pumping system.

Labor overhead is estimated at 24.65%. This includes FICA, retirement, state unemployment, and workers compensation.

The insurance expense is estimated at \$1,500 per year per truck

The fuel expense is based on daily trips of approximately 40 miles, assuming the trucks get 12 miles to the gallon and fuel cost at \$1.20 per gallon.

The truck maintenance includes the purchase of new tires annually at a cost of \$100 per tire, and routine oil changes every 3000 miles at a cost of \$30 each truck.

Estimated cost of miscellaneous supplies is \$200 per month. This include such items as grease, oil, disposable coveralls and gloves, etc. However, this estimate does not include materials that may be need for repairs.



TOWN OF PRATT  
COST OF SERVICE STUDY

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Attachment C

Billing and Collecting Expenses

	<u>Total Costs</u>		<u>Cost Per Bill</u>
Wage	3,361.68	(A)	0.2100
Overhead	13,545.96	(B)	0.8462
Water Readings (WVAWC)	943.20	(C)	0.0917
			<b>\$1.1479</b>

A total of 1,334 bills will be mailed per month at a cost of \$0.21 per bill.

Includes two employees; one full time, one part time, at a total hourly rate of \$14.15. Time spent performing billing and collecting duties is estimated at 8 hours per day, 8 days per month. Includes overhead at 24.65%. Overhead includes FICA, unemployment, workers compensation and retirement.

The Town of Pratt will have to purchase water consumption reports from WVAWC for the owners of the London/Hughes area. WVAWC charges \$0.20 per record. The London/Hughes area has 393 customers; however all the customers of the UKVPSD (857) share in this cost.



MEMORANDUM OF UNDERSTANDING BETWEEN  
THE UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT  
AND  
THE WEST VIRGINIA PARKWAYS  
ECONOMIC DEVELOPMENT AND TOURISM AUTHORITY

This Memorandum entered into, this 24 day of Feb, 2002 by and between the Upper Kanawha Valley Public Service District ("District") and the West Virginia Parkways Economic Development and Tourism Authority ("Parkway Authority"), an agency of the State of West Virginia.

WITNESSETH

WHEREAS, the District has received a certificate of convenience and necessity from the Public Service Commission of West Virginia and provides sewer service in Kanawha County;

WHEREAS, the District has a sewage collection system in the vicinity of the Morton Travel Plaza and the Parkways Authority's Standard Maintenance Garage, on Interstate 64/77 in Kanawha County ("the Facilities") and is willing to construct a sewer line ("Sewer Line") to connect to the Facilities;

WHEREAS, the Parkways Authority has for many years, owned and operated a sewage collection system and package plant serving the Morton Travel Plaza and a septic tank serving the Parkways Authority's Standard Maintenance Garage, which package plant and septic tank are currently capable of serving the Facilities;

WHEREAS, the Parkways Authority has determined that it may now be advantageous to decommission its package plant and septic tank and have its sewage transported by the District for treatment by the Town of Pratt;

WHEREAS, the District's tariff, as approved by the Public Service Commission of West Virginia, does not presently contain a bulk rate or large volume rate; and

WHEREAS, the District and the Parkways Authority are willing to do all things necessary relating to the extension of the District's system to the Facilities;

NOW THEREFORE BE IT RESOLVED, the parties hereto do mutually agree as follows:

1. The District will cause to be constructed a 4 inch force main of approximately 12,750 feet, 850 linear feet of 10" gravity sewer main, two pumping stations, and a connection to the existing mains of the District to accept sewage from the Facilities. The District will use its best efforts to locate the Sewer Line by the route which appears to be the most appropriate in terms of cost effectiveness and ease of maintenance, while at the same time maximizing the service and ease of access to the Parkways Authority and users of the Facilities. The Sewer Line shall meet all of the

specifications and design criteria normally associated with the construction of such sewer lines in the trade or industry as well as all applicable state and federal statutes, regulations, rules and orders. Once constructed and accepted by the District, the Sewer Line shall become and remain at all times the property of the District, and the District shall be responsible for all maintenance, upgrading, reconstruction, removal and replacement of the Sewer Line.

2. Following completion of the construction of the Sewer Line, the Parkways Authority will utilize the sewage transportation facilities of the District for all sewage from the Facilities and will not utilize any competing sewage transportation or treatment provider or construct or use its own treatment facilities for treatment or transportation of sewage from the Facilities. The Parkways Authority will undertake, at its expense, the decommissioning of the septic tank and package plant presently serving the Facilities.

3. Bills will be rendered on a monthly basis by the District to the Parkways Authority for the services rendered during the preceding calendar month, and each such bill shall be payable to the District on or before the twentieth (20<sup>th</sup>) day after the date of such bill.

4. In consideration of the services rendered by the District in accepting and transporting the sewage received from the Facilities, the Parkways Authority will pay the District for services according to the following:

Until the Public Service Commission of West Virginia establishes a bulk rate or large volume rate for the District, based upon a cost of service study, or the parties to this Memorandum modify the rate provided herein pursuant to Section 8 of this Memorandum, the District shall charge the Parkways Authority \$4.62 per 1000 gallons of water consumed as measured by water meters serving the Facilities, with a monthly minimum bill of \$1,790.70. Upon the establishment of a bulk rate or large volume rate for the District by the Public Service Commission, the rates to be charged to the Parkways Authority for service provided to the Facilities shall then and thereafter be governed exclusively by the District's tariff on file with the Public Service Commission of West Virginia.

5. The Parkways Authority shall contribute \$2,000 toward the expense of any Department of Highways permit fees, and the cost of acquisition of Department of Highways' lands or easements necessary for the construction and maintenance of the Sewer Line. The District shall also contribute \$2,000 toward such fees and be responsible for obtaining from any other entities any and all lands or easements necessary for the District to connect to the Facilities.

6. The discharge of storm and surface waters into the District's sewage collection system, e.g., down spouts, parking lot and other surface drains, is prohibited. The District is aware of the types, concentrations, and volumes of sanitary sewage waste generated by the Facilities and, under current applicable law, such waste does not require any pretreatment by the Parkways Authority. In the event that applicable laws and regulations change or the type of waste which the

Parkways Authority discharges changes, the District shall cause to be adopted and enforced policies and/or regulations, concerning the introduction of types and concentrations of allowable wastes into its sewage collection system, consistent with then applicable laws and regulations. The Parkways Authority agrees to adopt and enforce policies and/or regulations complying with the District's regulations concerning the introduction of wastes. The Parkways Authority shall not discharge or cause to be discharged any of the following described waters or wastes:

- a. Any gasoline, benzene, naphtha, fuel oil, motor oil or other flammable or explosive liquid, solid, or gas.
- b. 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 Plant effluent.
- c. 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.
- d. 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.

7. It is understood that this Memorandum of Understanding may be deemed to be subject to approval by the Public Service Commission of West Virginia. In that instance the parties hereto agree to cooperate to undertake steps necessary to obtain approval of the Memorandum of Understanding by the Public Service Commission of West Virginia. Any modification to this Memorandum of Understanding ordered or suggested by the Public Service Commission or its Staff can only become effective upon the execution by both parties of a modified memorandum or an amendment. The District alone will be responsible for the costs associated with the Public Service Commission's review of the Memorandum of Understanding.

8. Provisions of this Memorandum of Understanding may be modified by amendment mutually acceptable to and agreed upon in writing by both parties to this Memorandum of Understanding. In the event the parties are unable to reach agreement, all disputes shall be resolved by the Public Service Commission of West Virginia. If the Public Service Commission of West Virginia finds that it lacks jurisdiction to resolve any dispute arising under this Memorandum of Understanding, then such dispute shall be resolved by an appropriate court of law.

9. This Memorandum of Understanding and any amendments thereto shall remain in full force and effect for a period of ten (10) years from the date of execution of this Memorandum of Understanding.

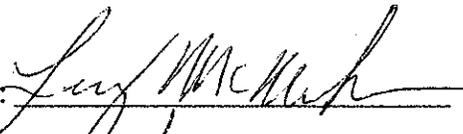
10. If for any reason any section, paragraph, clause or provision of this Memorandum of Understanding shall be held invalid by any court or agency of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect the validity of any of the remaining portions of this Memorandum of Understanding.

11. The District and the Parkways Authority will collaborate in obtaining such permits, certificates, or the like, as may be required to comply with applicable law.

12. This Memorandum of Understanding, and any written amendments executed by both parties, constitute the entire understanding of the parties and supercedes any prior written or oral representations by either of the parties. This Memorandum of Understanding may only be modified as provided in Section 8.

By signatures below, the duly authorized officials of the District and Parkways Authority acknowledge their understanding of and agreement to this Memorandum of Understanding.

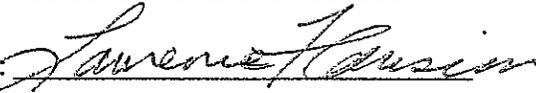
UPPER KANAWHA VALLEY  
PUBLIC SERVICE DISTRICT,  
a public corporation

By: 

Its: Chairman

Date: 2-28-02

WEST VIRGINIA PARKWAYS ECONOMIC  
DEVELOPMENT AND TOURISM AUTHORITY

By: 

Its: General Manager

Date: 2-21-02



MEMORANDUM OF UNDERSTANDING

BETWEEN

UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT

AND

THE TOWN OF PRATT

This agreement, made this 9th day of November, 1999 by and between the Upper Kanawha Valley Public Service District, herein referred to as the "PSD" and the Town of Pratt, herein referred to as the "Town".

WITNESS THAT:

WHEREAS, the PSD and the Town are jointly engaged in the construction of improvements to the Town's waste water treatment plant and the construction of a collection system by the PSD whereby the wastewater collected by the PSD will be transported to the Town for treatment ("Joint Project"); and,

WHEREAS, the bids received by the PSD and the Town for the construction of the Joint Project were higher than anticipated, resulting in a shortfall of funding for the Town's share of the Joint Project and thereby necessitating revisions in the financing for the Joint Project; and

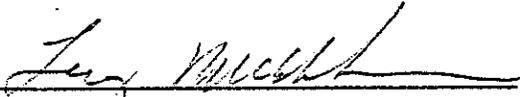
WHEREAS, the West Virginia Infrastructure and Jobs Development Council ("WVIJDC") has committed funds to the PSD that can be utilized to pay for construction costs related to the Town's share of the Joint Project.

NOW THEREFORE BE IT RESOLVED, the parties hereto do mutually agree as follows:

1. The PSD shall pay to the Town, from the aggregate funding sources, an amount up to \$876,640.00, for purposes related to the construction of improvements to the Town's waste water treatment plant.
2. Payments shall be made by the PSD directly to the vendors on invoices that were first approved by the Town, and subsequently approved by the PSD and the WVIJDC. The PSD will entertain payment requests from the Town on a monthly basis.

WITNESSETH that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Memorandum of Understanding is done with full authority and that attached hereto and made part hereof is a certified copy of the resolution, motion or similar action of the governing body of each directing and authorizing its official representative to act in connection with this memorandum of understanding.

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT

  
Its Chairman

TOWN OF PRATT

  
Its Mayor





State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**

180 Association Drive, Charleston, WV 25311-1217  
(304) 558-3612 - (304) 558-0299 (Fax)  
Internet: [www.wvwda.org](http://www.wvwda.org) - Email: [contact@wvwda.org](mailto:contact@wvwda.org)

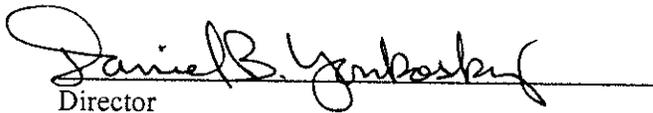
March 15, 2002

Upper Kanawha Valley Public Service District  
Sewer Revenue Bonds, Series 2002 A  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the holder of the Sewer Revenue Bonds, Series 1999 (West Virginia Infrastructure Fund), dated October 21, 1999, issued in the aggregate principal amount of \$5,768,297 (the "Prior Bonds"), hereby consents to the issuance of the Sewer Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) (the "Series 2002 A Bonds") on a parity with the Prior Bonds.

The Authority, as holder of the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) of Upper Kanawha Valley Public Service District, successor to Paint Creek Public Service District, dated October 21, 1999 (the "Series 1997 A Notes"), issued in the original aggregate principal amount of \$145,000, and the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) of Upper Kanawha Valley Public Service District, successor to London Public Service District, dated October 21, 1999 (the "Series 1997 B Notes" and, collectively with the Series 1997 A Notes, the "Prior Notes"), issued in the original aggregate principal amount of \$119,064, hereby consents to (a) the issuance of the Issuer's Series 2002 A Bonds without the repayment of the Prior Notes; and (b) the issuance of the Issuer's Series 2002 A Bonds senior and prior to the Prior Notes.

  
Director



# CLOSING MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** March 15, 2002

**RE:** UPPER KANAWHA VALLEY PUBLIC SERVICE DISTRICT SEWER REVENUE  
BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND)

---

1. DISBURSEMENTS TO UPPER KANAWHA VALLEY  
PUBLIC SERVICE DISTRICT

A. Payor: West Virginia Infrastructure and Jobs Development Council  
Amount: \$ 11,000.00  
Form: Wire Transfer  
Payee: Upper Kanawha Valley Public Service District  
Bank: The City National Bank  
Routing #: 051904524  
Account #: 8001920688  
Contact: Judy Shawkey - (304) 442-6019  
Account: Upper Kanawha Valley Public Service District  
Series 2002 A Bonds Construction Trust Fund

03/05/02  
924750.00001

CH508907.1

**State of West Virginia**  
**WATER DEVELOPMENT AUTHORITY**  
 180 Association Drive, Charleston, WV 25311-1217  
 (304) 558-3612 - (304) 558-0299 (Fax)  
 Internet: www.wvwda.org - Email: contact@wvwda.org

**BOND CLOSING ATTENDANCE LIST**

Date March 15, 2002 Time 9:30 a.m. LGA Upper Kanawha Valley PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<i>Shirley L. Bee</i>	<i>Treksor &amp; Kelly LLC</i>	<i>304-1318</i>	<i>340-1080</i>	<i>sgj@jacksonkelly.com</i>
<i>John Stump</i>	<i>Stator + Johnson PLLC</i>	<i>353-8196</i>	<i>353-8180</i>	<i>stumpj@stator-johnson.com</i>
<i>Barbara B. Meadows</i>	<i>WV Water Development Authority</i>	<i>558-3612</i>	<i>558-0299</i>	<i>bmeadows@wvwda.org</i>
<i>Bernie Gundersh</i>	<i>WV WDA</i>	<i>558-3612</i>	<i>558-0299</i>	<i>dyon@wvwda.org</i>

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Larry McMichen Telephone 342-6144 E-Mail \_\_\_\_\_  
 Address P.O. Box 356, Gallagher WV 25083

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.





# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

## RENEWAL COMMERCIAL PROPERTY DECLARATIONS

### COMPANY PROVIDING COVERAGE

### WESTFIELD INSURANCE COMPANY

#### NAMED INSURED AND MAILING ADDRESS

#### AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
P O BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 01 |

WIC Account Number: 4701408859

| A

#### Policy Period

#### From To

01/10/00  
01/10/03at 12:01 A.M. standard Time at your  
mailing address shown above.

Rating Period 01/10/00 - 01/10/01

Rate Type G

#### DESCRIPTION OF PREMISES

#### Loc Bldg Address, City & State

001	001	MILBURN HOLLOW GALLAGHER, WV 25083
001	002	MILBURN HOLLOW GALLAGHER, WV 25083
002	001	HOLLY GROVE GALLAGHER, WV 25083
003	001	BANNER HOLLOW GALLAGHER, WV 25083
003	002	BANNER HOLLOW GALLAGHER, WV 25083

#### Construction

Non-Combustible
N/A
Non-Combustible
N/A
N/A

#### Occupancy

WATER SERVICES
FENCE
WATER COMPANIES
WATER TANK
FENCE

COVERAGES PROVIDED - Insurance at the described premises applies only for coverages for which a limit of insurance is shown. OPTIONAL COVERAGES applicable only when entries are made in the schedules below:

Loc Bldg	Coverage	Coins	Infl. Guard	Repl. Cost	Cause of Loss Form	Limit of Insurance
001 001	Building	90%	N/A	Yes	Special	\$ 16,500
001 001	Business Personal Property	90%	N/A	Yes	Special	\$ 25,000
001 002	Metal Mas Fences and Arbors	90%	N/A	Yes	Special	\$ 500
002 001	Business Personal Property	90%	N/A	Yes	Special	\$ 2,500
003 001	Steel Tanks Above Ground	90%	N/A	Yes	Special	\$ 85,000
003 002	Metal Mas Fences and Arbors	90%	N/A	Yes	Special	\$ 6,500

#### OPTIONAL COVERAGES

#### Loc Bldg Applicable to

001 001	Building
ALL ALL	Building
ALL ALL	Business Personal Property

#### Option Description

Coal mine subsidence	\$ 16,500
Expanded Property Endorsement	
Expanded Property Endorsement	

Coal Mine Subsidence Premium \$ 24.00

Total Property Rating Period Premium \$ 573.00

#### Mortgage Holder

#### Loc Bldg

003 001	GMAC COMMERCIAL MORTGAGE CORP PO BOX 1687 HORSHAN, PA 19044 #5943
---------	--

#### Loc Bldg

Deductible is \$250

#### Forms and Endorsements applicable to this coverage part:

CP7000	0987*, CP0090	0788*, CP0112	1090*, CP0299	1185*, CP7017	0695*,
CP1030	0695*, CP0010	0695*, CP7024	1094*, CP7019	0197*, WVMS-2	0785*.



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

## RATING PERIOD GENERAL LIABILITY DECLARATIONS

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

|11|

WIC Account Number: 4701408859

| Q

Policy Period From 01/10/00  
To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Rating Period 01/10/02 - 01/10/03

Rate Type G

### LIMITS OF INSURANCE -

General Aggregate Limit (Other Than Products/Completed Operations)	\$1,000,000
Products/Completed Operations Aggregate Limit	\$1,000,000
Personal & Advertising Injury Limit (Per Person Or Organization)	\$500,000
Each Occurrence Limit	\$500,000
Damage to Premises Rented to You Limit (Any One Premises)	\$150,000
Medical Expense Limit (Any One Person)	\$10,000

TOTAL GENERAL LIABILITY RATING PERIOD PREMIUM

\$737.00

### Forms And Endorsements Applicable To This Coverage Part:

CG2250 1188 ; CG2010 0397 ; CG0001 0798 ; ILQ021 0498 ; CG7003 1298 ;  
CG7000 1298 ; CG2503 0397 ; CG2504 0397 ; CG2147 0798 ; CG0057 0999 ;  
CG7036 1298 .



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

## RATING PERIOD GENERAL LIABILITY DECLARATIONS (Continued)

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

Q

Policy  
Period

From  
To

01/10/00  
01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Location Of All Premises Owned By, Rented To Or Controlled By The Named Insured  
Are The Same As The Mailing Address Of The Policy Declarations Unless Otherwise  
Indicated.

### GENERAL LIABILITY SCHEDULE

#### PREMIUM BASIS LEGEND -

S = GROSS SALES PER \$1,000

P = PAYROLL PER \$1,000

A = AREA PER 1,000 SQ. FT.

C = TOTAL COST PER \$1,000

M = ADMISSIONS PER 1,000

U = UNITS PER UNIT

T = SEE CLASSIFICATION  
NOTES

#### RATE LEGEND -

PREM/OP = PREMISES AND OPERATIONS

PROD = PRODUCTS AND COMPLETED OPERATIONS

MP = MINIMUM PREMIUM

CLASSIFICATION  
WEST VIRGINIA

CODE

PREMIUM  
BASIS

RATE

PREMIUM

PRODUCTS/COMPLETED OPS (NOC) 44444

INCLUDED

PROD.

INCL

WATER COMPANIES - INCLUDING  
PRODUCTS AND/OR COMPLETED  
OPERATIONS. PRODUCTS-COMPLETED  
OPERATIONS INCLUDED IN THIS  
CLASSIFICATION ARE SUBJECT TO  
THE GENERAL AGGREGATE LIMIT.

99943

P  
19,000

PREM/OP 32.227

\$612

PREM/OP MP \$62

#### OTHER ENDORSEMENTS -

ADDL INSD - OWNER, LESSEE OR CONTRACTOR (FORM B)  
GENERAL LIABILITY EXPANDED COVERAGE - 99990

\$25  
\$100

TOTAL PREMIUM - PREMISES AND OPERATIONS  
TOTAL PREMIUM - OTHER ENDORSEMENTS

\$612  
\$125

TOTAL GENERAL LIABILITY RATING PERIOD PREMIUM

\$737



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

RATING PERIOD  
GENERAL LIABILITY DECLARATIONS  
(Continued)

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

| Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

### ADDITIONAL INSUREDS

CSX TRANSPORTATION INC  
500 WATER STREET  
JACKSONVILLE FL 32202  
ADDITIONAL INSURED - OWNER,  
LESSEE OR CONTRACTOR (FORM B)



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

## RATING PERIOD COMMERCIAL UMBRELLA DECLARATIONS

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP S 590 040

|11|

WIC Account Number: 4701408859

| Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Rating Period 01/10/02 - 01/10/03

Rate Type A

### LIMITS OF INSURANCE

\$1,000,000 EACH OCCURRENCE LIMIT  
\$1,000,000 GENERAL AGGREGATE LIMIT  
\$1,000,000 PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT  
\$0 SELF INSURED RETENTION

### SCHEDULE OF UNDERLYING INSURANCE

POLICY NUMBER	TYPE OF COVERAGE	INSURER	LIMITS OF LIABILITY	POLICY PERIOD
CWP 3590040	General Liability	Westfield Insurance	\$1,000,000 General Aggregate \$1,000,000 Products/Completed Operations Aggregate \$500,000 Personal And Advertising Injury \$500,000 Each Occurrence	01/10/02 To 01/10/03
CWP 3590040	Auto Liability	Westfield Insurance	\$1,000,000 Bodily Injury And Property Damage Each Accident	01/10/02 To 01/10/03

PREMIUM BASIS: FLATCHARGE

COMMERCIAL UMBRELLA RATING PERIOD PREMIUM \$350.00  
TOTAL RATING PERIOD PREMIUM \$350.00

#### Forms And Endorsements Applicable To This Coverage Part:

EC7028 1097 , EC7041 0194 , EC7022 0194\* , EC7019 0794\* , EC7000 0194 ,  
EC7001 1298 , EC7037 1298 , EC7310 0194 , EC7065 0999 .



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

## RATING PERIOD BUSINESS AUTO DECLARATIONS

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

ITEM ONE-NAMED INSURED & MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

| Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Rating Period 01/10/02 - 01/10/03

Rate Type A

ITEM TWO

SCHEDULE OF COVERAGES AND COVERED AUTOS

Each Of These Coverages Will Apply Only To Those Autos Shown As Covered Autos.  
Autos Are Shown As Covered Autos For A Particular Coverage By The Entry Of One  
Or More Of The Symbols From The Covered Auto Section Of The Business Auto  
Coverage Form Next To The Name Of The Coverage.

COVERAGES	COVERED AUTO SYMBOLS	LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS	PREMIUM
Liability	08 09	Bodily Injury and Property Damage \$1,000,000 Each Accident	\$94
<b>TOTAL AUTO RATING PERIOD PREMIUM</b>			<b>\$94</b>

Forms And Endorsements Attached To This Coverage Form:

CA0001 0797, CA0002 1290, CA7001 0797, IL0021 0498, CA0252 0394,  
PA0235 1200\*, CA0183 0394, CA0189 0394\*, CA0022 0299.



# Westfield Companies,

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

RATING PERIOD  
BUSINESS AUTO DECLARATIONS  
(Continued)

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

ITEM ONE-NAMED INSURED & MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

GOAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

| Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

### HIRED AUTO LIABILITY

STATE	ESTIMATED COST OF HIRE	RATE PER \$100 COST OF HIRE	PREMIUM
WV	IF ANY	1.259	

Cost Of Hire Means The Total Amount You Incur For The Hire Of Autos You Do Not Own (Not Including Autos You Borrow Or Rent From Your Partners Or Employees Or Their Family Members). Cost Of Hire Does Not Include Charges For Services Performed By Motor Carriers Of Property Or Passengers.

### NON-OWNERSHIP LIABILITY

RATING BASIS-NUMBER OF EMPLOYEES	ESTIMATED NUMBER OF EMPLOYEES	PREMIUM
	0-25	\$94

**TOTAL AUTO RATING PERIOD PREMIUM \$94**



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

COMMERCIAL INLAND MARINE  
RATING PERIOD DECLARATIONS  
SCHEDULE OF COVERAGE FORMS

33

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

11

WIC Account Number: 4701408859

Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Rating Period 01/10/02 - 01/10/03

Rate Type G

This policy contains the following Inland Marine Coverage Forms:

Coverage Forms	Premium
Scheduled Property Coverage	\$ 1,380.00

Total Inland Marine Rating Period Premium \$ 1,380.00

All Forms and Endorsements applicable to Inland Marine Coverages:

CM0001 0695 , CM7079 0695 , CM7090 1287 , CM0106 1185 , CM7027 0292 .



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

COMMERCIAL INLAND MARINE  
RATING PERIOD DECLARATIONS  
SCHEDULED PROPERTY COVERAGE

33

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

11

WIC Account Number: 4701408859

Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. standard Time at your  
mailing address shown above.

SPECIAL FORM



### COVERED PROPERTY AND LIMITS OF INSURANCE

<u>Item</u>	<u>Description</u>	<u>Limit of Insurance</u>
1	(9) GENERATOR SETS @ \$18,500 EACH	\$ 166,500

Deductible: \$250

Total Schedule Property  
Coverage Rating Period Premium

\$ 1,380.00

Forms and Endorsements applicable to this coverage:  
CM7027 0292



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

33

## RATING PERIOD COMMERCIAL PROPERTY DECLARATIONS

**COMPANY PROVIDING COVERAGE**

**WESTFIELD INSURANCE COMPANY**

**NAMED INSURED AND MAILING ADDRESS**

**AGENCY**

47-05147

**PROD.**

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

| Q

**Policy Period**

From 01/10/00  
To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

Rating Period 01/10/02 - 01/10/03

Rate Type G

**DESCRIPTION OF PREMISES**

Loc Bldg	Address, City & State	Construction	Occupancy
001 001	MILBURN HOLLOW GALLAGHER, WV 25083	Non-Combustible	WATER SERVICES
001 002	MILBURN HOLLOW GALLAGHER, WV 25083	N/A	FENCE
002 001	HOLLY GROVE GALLAGHER, WV 25083	Non-Combustible	WATER COMPANIES
003 001	BANNER HOLLOW GALLAGHER, WV 25083	N/A	WATER TANK
003 002	BANNER HOLLOW GALLAGHER, WV 25083	N/A	FENCE
004 001	LEWIS ST LONDON, WV 25126	N/A	PUMP STATION #1
005 001	COMMUNITY PARK LONDON, WV 25083	N/A	PUMP STATION #2
006 001	HUGHESSTON ALONG RIVER GALLAGHER, WV 25083	N/A	PUMP STATION #3
007 001	14TH ST HANSFORD, WV 25103	N/A	PUMP STATION #4
008 001	ENDRIS ST, HANSFORD GALLAGHER, WV 25083	N/A	PUMP STATION #5
009 001	CENTER ST, HANSFORD GALLAGHER, WV 25083	N/A	PUMP STATION #6
010 001	RTE 83 AT HOLLEY GROVE GALLAGHER, WV 25083	N/A	PUMP STATION #7
011 001	RTE 83 AT LOWER GALLAGHER GALLAGHER, WV 25083	N/A	PUMP STATION #8
012 001	INTERSECTION RTE 83 & 83/1 GALLAGHER, WV 25083	N/A	PUMP STATION #9
012 002	INTERSECTION RTE 83 & 83/3 GALLAGHER, WV 25083	N/A	PUMP STATION #10

**COVERAGES PROVIDED** - Insurance at the described premises applies only for coverages for which a limit of insurance is shown. **OPTIONAL COVERAGES** applicable only when entries are made in the schedules below:

Loc Bldg	Coverage	Coins	Infl. Guard	Repl. Cost	Cause of Loss Form	Limit of Insurance
001 001	Building	90%	N/A	Yes	Special	\$ 16,500
001 001	Business Personal Property	90%	N/A	Yes	Special	\$ 25,000
001 002	Metal Mas Fences and Arbors	90%	N/A	Yes	Special	\$ 500
002 001	Business Personal Property	90%	N/A	Yes	Special	\$ 2,500
003 001	Steel Tanks Above Ground	90%	N/A	Yes	Special	\$ 85,000
003 002	Metal Mas Fences and Arbors	90%	N/A	Yes	Special	\$ 6,500
004 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
005 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
006 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
007 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
008 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
009 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 12,500
010 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
011 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
012 001	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000
012 002	Metal Water/Sewage Lift Pump	90%	N/A	Yes	Special	\$ 35,000



# Westfield Companies

One Park Circle PO Box 5001  
Westfield Center OH 44251-5001

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## RATING PERIOD COMMERCIAL PROPERTY DECLARATIONS (Continued)

COMPANY PROVIDING COVERAGE

WESTFIELD INSURANCE COMPANY

NAMED INSURED AND MAILING ADDRESS

AGENCY

47-05147

PROD.

000

UPPER KANAWHA VALLEY PUBLIC  
SERVICE DISTRICT  
PO BOX 336  
GALLAGHER WV 25083

COAL RIVER INSURANCE CO, INC.  
P. O. BOX 770  
ST. ALBANS WV 25177  
TELEPHONE 304-727-4335

Policy Number: CWP 3 590 040

| 11 |

WIC Account Number: 4701408859

| Q

Policy From 01/10/00  
Period To 01/10/03

at 12:01 A.M. Standard Time at your  
mailing address shown above.

### OPTIONAL COVERAGES

Loc Bldg Applicable to

001 001 Building  
ALL ALL Building  
ALL ALL Business Personal Property

### Option Description

Coal mine subsidence \$ 16,500  
Expanded Property Endorsement  
Expanded Property Endorsement

Coal Mine Subsidence Premium \$ 24.00

Total Property Rating Period Premium \$ 1,290.00

### Mortgage Holder

Loc Bldg

003 001 GMAC COMMERCIAL MORTGAGE CORP  
PO BOX 1687  
HORSHAN, PA 19044  
#5943

Loc Bldg

Deductible is \$250

### Forms and Endorsements applicable to this coverage part:

CP7000 0987 , CP0090 0788 , CP0112 1090 , CP0299 1185 , CP7017 0695 ,  
CP1030 0695 , CP0010 0695 , CP7024 1094 , CP7019 0197 , WVMS-2 0785 .