CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$1,75,276 Sewerage System Revenue Bonds,
Series 1994 B

CLOSING DATE: April 22, 1994

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

TRANSCRIPT OF PROCEEDINGS

CLOSING DATE: April 22, 1994

I. Organizational Documents

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1.1	Certified Copy of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended.	1
1.2	Copy of the Order of The County Commission of Kanawha County creating Chelyan Public Service District (the "District").	2
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The closing of the sale of Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B, all dated April 22, 1994, to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, Dunbar, West Virginia, at 10:00 a.m. on April 22, 1994. All transactions at such closing will be deemed to have taken place on April 22, 1994, and no document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.

ABB03A3A

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WRITER'S DIRECT DIAL NO.
340-1314

May 11, 1994

Mr. R. Witter Hallan
Executive Director
West Virginia Municipal Bond Commission
Building 3, Rooms 337-342
Capitol Complex
Charleston, WV 25305

Re: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B

Dear Mr. Hallan:

Enclosed is the transcript of closing documents for the above-referenced financing. Please contact me at 340-1314 if you have any questions with respect to the transcript.

Very truly yours,

Antoinette D. Brkovich

Antoinette D. Brkovich
Legal Assistant

ADB/tp
Enclosure

ABB05ABD

RECEIVED
MAY 12 1994
MBC

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE AND CHAPTER 16, ARTICLE 13A OF THE 1993 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this

TWENTY-ONE *day of*

APRIL *19* 94

Ken Hechler

Secretary of State.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

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16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.

Sec.
16-13A-25. Borrowing and bond issuance; procedure.

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Constitutionality of article. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

And purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service districts are "public utilities." 50 Op. Att'y Gen. 447 (1963).

Hence, they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service com-

mission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Purpose found in order creating district and in hearings. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54 (1979).

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section [June 6, 1986] each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study shall have one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority

basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the department of health and the department of natural resources shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission shall have six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules and regulations promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

The county commission of any county may, on its own motion by order duly adopted or upon the recommendation of the public service commission, propose the creation of such public service district within such county, setting forth in such order a description, including metes and bounds, sufficient to

identify the territory to be embraced therein and the name of such proposed district, or twenty-five percent of the registered voters who reside within the limits of such proposed public service district within one or more counties may petition for the creation thereof, which petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section [June 6, 1986], no new public service district shall be created under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules and regulations promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not such territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where such territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting.

Such petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if such territory is situated in more than one county, then such petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of such territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of such county at the first regular meeting after such filing or at a special meeting called for the consideration thereof.

When the county commission of any county enters an order on its own motion proposing the creation of a public service district, as aforesaid, or when a petition for such creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in such county on the creation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of such action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service

district is located shall cause notice of such hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to such hearing. In all cases where proceedings for the creation of such public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of such notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

All persons residing in or owning or having any interest in property in such proposed public service district shall have an opportunity to be heard for and against its creation. At such hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of such area or that the creation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create the district as amended. If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it shall refuse to enter an order creating the proposed district and shall enter an order expanding, merging or consolidating the area with an existing public service district, in accordance with rules and regulations adopted by the public service commission for such purpose: Provided, That no expansion of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such expanded service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, expanding, merging or consolidating the district:

Provided, however, That within ten days after the entry of an order creating, expanding or merging or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules and regulations relating to such filings and the approval, disapproval or modification of county commission orders for creating, expanding, merging or consolidating districts.

The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or establish or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply with like effect as if a district were being created. The commission shall at all times attempt to bring about the expansion or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article. A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81.)

There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

And there is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

District need not be created by general law. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Voters may not force referendum as to continuing or abolishing district. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service dis-

trict should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

Certain provisions mandatory, but provisions for setting time of hearing and giving notice directory. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Relative powers of commission and voters in area. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may undertake to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Cited in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it shall thereafter be a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal

corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the department of natural resources and the department of health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district, nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after such board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but not less than eighteen thousand shall be entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed shall thereby become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district shall equal or exceed three, then no further members shall be appointed to the board and the members shall be and constitute the board of the district.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district, which three members shall become members of and constitute the board of the district without any further act or proceedings.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to

make the number of members of the board equal three, and the additional member or members shall thereupon become members of the board; and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, shall be and constitute the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, shall be conclusively considered to be the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules and regulations promulgated by the public service commission.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four, and the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chairman and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay the same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chairman, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81.)

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to municipal corporation in another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Furnishing water to border residents in neighboring state. — See Op. Att'y Gen., June 26, 1975.

Cited in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Quoted in State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member shall receive fifty dollars per attendance at regular monthly meetings and thirty dollars per attendance at additional special meetings, total salary not to exceed nine hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed eighteen hundred dollars per annum; and for districts with two thousand customers or more, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed three thousand dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules and regulations of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by section three [§ 6-9A-3], article nine-a, chapter six of this code. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his successor is employed, and his compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he shall perform and exercise such other powers and duties as may be conferred upon him by the board.

Such general manager shall be chosen without regard to his political affiliations and upon the sole basis of his administrative and technical qualifications to manage public service properties and affairs of the district and he may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water or sewer service from a municipal water of sewer system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water or sewer system or public service district from which such water or sewer service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the

county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American-made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81.)

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the

ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

District may exercise control over sewers where ownership is unknown unincorporated areas. 45 Op. Att'y Gen. 506 (1953).

Valid grant of power of eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issu-

ance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules and regulations promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district

providing water and sewer service to its customers shall have the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules, regulations and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the department of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the department of health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the department of health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the department of health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petitition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer

facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the department of health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities, sewer facilities or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment, as defined in section two [§ 20-5A-2], article five-a, chapter twenty, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the department of natural resources, as prescribed by section seven [§ 20-5A-7], article five-a, chapter twenty of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174.)

Effect of amendment of 1989. — The amendment in the first paragraph, added the present fourth through seventh sentences, and added the proviso at the end of the last sentence; substituted "shall covenant" for "may covenant" in the first sentence of the second paragraph, and substituted "users" for "user's" near the end of the third paragraph.

Lien not a deprivation of property without due process. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Requiring connections with sewer facilities. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 386 S.E.2d 483 (W. Va. 1989).

When duty arises. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist., 301 S.E.2d 601 (W. Va. 1983) (construing this section prior to 1980 and 1981 amendments).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen [§§ 16-13A-9 or 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be

forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated

as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

Effect of amendment of 1989. — The amendment substituted "eighteen percent" for "twelve percent" in the second sentence and "nineteen percent" for "thirteen percent" in the fifth sentence; and made a minor punctuation change.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof. (1953, c. 147.)

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting

forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to

enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

Receivers, Rule 66.

Application of rules to writ of mandamus, Rule 81(a)(5).

Effect of rules on jurisdiction and venue, Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer or gas system, and all the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81.)

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

The provision granting to bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded. (1953, c. 147.)

The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds required. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article shall constitute full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, shall be required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the state department of health and the state water resources board shall remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is declared to be a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it shall be exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81.)

Tax exemption constitutional. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist., 301 S.E.2d 601 (W. Va. 1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118.)

§ 16-13A-25. Borrowing and bond issuance; procedure.

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of sections thirteen, twenty or twenty-four [§§ 16-13A-13, 16-13A-20 or 16-13A-24] of this article, without the prior consent and approval of the public service commission. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Sixty days prior to making formal application for said certificate, the public service district shall prefile with the public service commission its plans and supporting information for said project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

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

(d) The anticipated rates which will be charged by the district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; 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. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons therefor shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

ARTICLE 14.

BARBERS AND BEAUTICIANS.

Sec.
16-14-1. Jurisdiction over barbers and beauticians; powers and duties of director of health.
16-14-2. Barbering, beauty culture and manicuring defined.
16-14-3. Regulations to be promulgated by board of health; enforcement.
16-14-4 to 16-14-17. [Repealed.]

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Michie's Jurisprudence. — For a general treatment of barbering and beauty culture, see 3A M.J., Barbers and Beauticians.

WEST VIRGINIA CODE

ANNOTATED

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period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

Effect of amendment of 1992. — The amendment inserted "the organization of the board and" in the first sentence, and substituted "Provided, That, in the event ... one of the members" for "one of whom, during the construction period" in the second and third sentences.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

Compensation of board members for performing additional duties prohibited. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

Compensation of board members for performing additional duties prohibited. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

Nuisance is element of just compensation. — If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992).

Procedure for affixing compensable interests. — Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992).

§ 16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

Sewage lagoons buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992).

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Permissible borrowing by public service districts. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

Certificate of necessity and convenience. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992).

Eminent domain not subject to public service commission review. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 423 S.E.2d 914 (W. Va. 1992).

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 27th DAY OF August, 1975

WHEREAS, the County Commission of Kanawha County, West Virginia, did by its order and resolution entered on the 16th day of August, 1972, create and establish Chelyan Public Service District, said public service district embracing a certain area situate in the magisterial district formerly known as Cabin Creek District (now known as District One), in Kanawha County, West Virginia and it now presently appears unto the said County Commission of Kanawha County, West Virginia, that it is necessary, feasible, and proper to enlarge the physical areas embraced and included in the said Chelyan Public Service District to include additional areas of land where facilities, equipment, service, or materials have not heretofore been extended or established and;

WHEREAS, the said County Commission of Kanawha County, West Virginia, did by its order and resolution entered on the 4th day of August, 1975, provide that all persons, parties, firms or corporations residing in or owning or having any interest in property in the area sought to be included in the said public service district might appear before the County Commission in order that they may have an opportunity to be heard for and against the enlargement of the said Chelyan Public Service District, and;

WHEREAS, the said hearing was set at 11:00 o'clock A.M. on the 27th day of August, 1975.

WHEREAS, notice of this hearing was prcperly and duly given in the manner provided and required by the previous order of the County Commission of Kanawha County, West Virginia, and that said notice of the aforementioned hearing was duly given in the manner provided and required by Article 13-A of Chapter 16 of the Code of West Virginia, and in accordance with the laws of the State of West Virginia, and other pertinent statutes relative thereto, and all interested persons, parties, firms, and corporations residing in or owning or having any interest in the property in the area sought to be included in the said public service district have been afforded an opportunity to be heard for and against the enlargement of said district and no persons have appeared before the County Commission of Kanawha County, West Virginia, to object or protest against the enlargement of the area included in Chelyan Public Service District. However, several persons did appear before the County Commission of Kanawha County, West Virginia, urging the Commission to enlarge the area sought to be included in the said Chelyan Public Service District and that no protests or objections have been filed by any persons, parties, firms or corporations residing in or owning or having an interest in any property presently included in the said public service district or residing in or owning property in the area sought to be included within said Chelyan Public Service District, and the said County Commission of Kanawha County, West Virginia, has conducted a hearing

relative to the propriety of enlarging said public service district and received evidence relative to the question of enlarging the area included within the said Chelyan Public Service District and has found and determined that it is necessary, feasible and proper to enlarge the said Chelyan Public Service District, to include additional areas, and,

WHEREAS, it is now the desire of the said County Commission of Kanawha County, West Virginia, to formally adopt and enter a resolution and order enlarging the said Chelyan Public Service District, this 27th day of August, 1975.

NOW, THEREFORE, Be and it is hereby resolved and ordered by the County Commission of Kanawha County, West Virginia, as follows:

The physical, geographical, and territorial limits of Chelyan Public Service District, a public corporation, are hereby enlarged, expanded and extended to include all of the properties within the following described area:

Beginning at the point of low water line on the south bank of the Kanawha River at the United States Coast Guard River Navigation Light between River Mile Post 72 and 73; thence the boundary proceeds in a more or less south-westerly direction approximately 3,500 feet to the top of the ridge that separates the water shed of Wolfpen Hollow of Fields Creek, Brawleys Hollow, and the right branch of Little Creek:

thence from this point, the boundary proceeds in a more or less south-westerly direction approximately 14,600 feet following the ridge line that separates the Little Creek water shed from the Wolfpen Hollow,

Sawmill Hollow and Coopers Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 16,200 feet to the Boone-Kanawha Line following the ridge line that separates the Bradley Fork, Dotson Fork, and Sweethome Hollow water sheds of Slaughters Creek from the Town Hollow and North Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 12,640 feet to the Boone-Kanawha County Line which more or less follows the ridge line that separates Splicelick Fork and Carrow Fork water shed of the Left Fork of Joes Creek from the Sweethome Hollow and Maple Fork water shed of Slaughters Creek;

thence from this point, the boundary proceeds in a more or less south-easterly direction approximately 12,640 feet to the Boone-Kanawha County Line which more or less follows the ridge line that separates the Carrow Fork of Joes Creek and Joes Creek water shed from the Maple Fork of Slaughter Creek and Longbottom Creek of Cabin Creek water shed;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 36,160 feet following the ridge line that separates the Cabin Creek water shed from the Paint Creek water shed;

thence from this point, the boundary proceeds in a more or less north-westerly direction approximately 11,000 feet following the ridge line that separates the Cabin Creek water shed from the Kanawha River water shed to a point on said ridge overlooking the Kanawha River and adjacent to the United States Coast Guard River Navigation Light between river mile posts 75 and 76;

thence from this point, the boundary proceeds in a more or less north-westerly direction approximately 4,800 feet , passing through the United States Coast Guard River Navigation Light between river miles 75 and 76 on the Great Kanawha River, then crossing the Great Kanawha River, the Penn Central Railroad and US routes 21 and 60 to a point on top of a ridge;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 3,600 feet following a ridge line that separates the Watson Branch and Kanawha River water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 6,200 feet following a ridge line that separates the Laurel Fork of Witcher Creek and Mile Branch water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 7,100 feet following a ridge line that separates the Haney Fork and Horsemill Branch water sheds;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 27,300 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates Joes Creek, Little White Oak Creek, Three Mile Branch of White Oak Creek and Left Fork of White Creek water shed from Left Fork of Longbottom Creek and Coal Fork water sheds of Cabin Creek;

thence from this point, the boundary proceeds in a more or less easterly direction approximately 19,000 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates the Left Fork of White Oak Creek and Moccasin Hollow (tributary of White Oak Creek) watersheds from Coal Fork, Laurel Fork and Left Fork (of Laurel Fork) water sheds of Cabin Creek;

thence from this point, leaving the Boone-Kanawha County Line, the boundary proceeds in a more or less northeasterly direction approximately 12,700 feet following the ridge line that separates the Left Fork (tributary of Laurel Fork) of Cabin Creek water shed and Toms Fork of Cabin Creek water shed, to a point where County Route 79 crosses Cabin Creek;

thence from this point, the boundary proceeds in a more or less south-easterly direction approximately 9,900 feet following the ridge line that separates Cabin Creek and Powerhouse Hollow water shed from the Cane Fork water shed;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 11,800 feet following the ridge line that separates the water sheds of two unnamed hollows:

thence from this point, the boundary proceeds in a more or less northerly direction approximately 18,900 feet following the ridge line that separates Cabin Creek and Paint Creek water shed to a point on the ridge over the Memorial Tunnel of the West Virginia Turnpike:

thence from this point, the boundary proceeds in a more or less northerly direction approximately 36,160 feet following the ridge line that separates the Cabin Creek water sheds from the Paint Creek water shed;

thence from this point, the boundary proceeds in a more or less north-westerly direction approximately 11,000 feet following the ridge line that separates the Cabin Creek water shed from the Kanawha River shed to a point on said ridge overlooking the Kanawha River and adjacent to the United States Coast Guard River Navigation Light between river mile Posts 75 and 76;

thence from this point, the boundary proceeds in a more or less northwesterly direction approximately 4,800 feet, passing through the United States Coast Guard River Navigation Light between river miles 75 and 76 on the Great Kanawha River, then crossing the Great Kanawha River, the Penn Central Railroad and US routes 21 and 60 to a point on top of a ridge;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 3,600 feet following a ridge line that separates the Watson Branch and Kanawha River water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 6,200 feet following a ridge line that separates the Laurel Fork of Witcher Creek and Mile Branch water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 7,100 feet following a ridge line that separates the Haney Fork and Horsemill Branch water sheds;

thence from this point, the boundary proceeds in a more or less northeasterly direction approximately 15,400 feet following a ridge line that separates the Witcher Creek and Bufflick Branch water sheds, said point being on the boundary of the Malden Public Service District and on the magisterial line between the Malden and Cabin Creek Districts;

thence from this point, the boundary proceeds in a more or less westerly direction following a ridge line that separates the Campbells Creek and Witcher Creek water sheds, said ridge lines being the magisterial line between the Malden and Cabin Creek Districts and also the boundary line of the Malden Service District, to a point where the Malden Public Service District Boundary line leaves the magisterial line;

thence from this point, the boundary proceeds in a more or less southwesterly direction following a ridge line that separates the Left Fork of Witcher Creek and Simmons Creek water sheds, said ridge line being the magisterial line between the Malden and Cabin Creek Districts to a point on the ridge line near the easterly boundary of the City of Belle;

thence from this point, the boundary proceeds in a more or less southerly direction, leaving the magisterial line between the Malden and Cabin Creek Districts and proceeding down the hill to the northeasterly corner of the City Limits of the City of Belle;

thence from this point, the boundary proceeds in a more or less southwesterly direction, following the easterly City Limits of the City of Belle to the centerline of the Great Kanawha River;

thence from this point, the boundary proceeds in a more or less southeasterly direction, following the center line of the Great Kanawha River to a point opposite the United States Coast Guard River Navigation Light at River mile 72.6;

thence from this point, the boundary proceeds in a more or less southwesterly direction to the United States Coast Guard River Navigation light, said point being the point of Beginning (see attached map for the boundaries of the Chelyan Public Service District), but there is excepted and reserved from the above area all of that certain lot, tract,

or parcel of land presently included in the territorial and physical area comprising the Chelyan Public Service District as more fully described in the previous Order; the County Court of Kanawha County, West Virginia, entered on the 16th day of August, 1972, said area excepted and reserved being more particularly bounded and described as follows;

There is included within the above area and which is hereby excepted and reserved all of the areas presently included in the territorial and physical limits comprising Chelyan Public Service District as the same is more fully described in the previous order of the County Commission of Kanawha County, West Virginia, duly entered on the 16th day of August, 1972, which said area presently included within the terr itorial and physical limits comprising Chelyan Public Service District is described as follows:

All that certain lot, tract or parcel of land situat in Cabin Creek District, Kanawha County, West Virginia, being more particularly bounded and described as follows:

"BEGINNING at a point at the junction of Brawleys Hollow and the Great Kanawha River, said point being near a navigation light on the bank of the Great Kanawha River, thence in a southwesterly direction 375 feet more or less crossing the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point on the northwesterly property line of Parcel No. 43, Map 39, Cabin Creek District, Kanawha County, West Virginia, as shown on a map on file in the Office of the Assessor;

thence following the meandering northwesterly property line of Parcel No. 43, in a southwesterly direction, a distance of 2,000 feet,

more or less;

thence following the southwesterly direction, a distance of 2,500 feet, more or less;

thence westerly following the meandering northerly property line of Parcel No. 1, Map 42, a distance of 2,100 feet, more or less;

thence southerly following the westerly property line of Parcel No. 1, Map No. 42, a distance of 2,800 feet, more or less;

thence easterly following the southerly property line of Parcel No. 10, Map No. 42, a distance of 7,300 feet, more or less, to a point on Slaughter Creek;

thence down Slaughter Creek in a northwesterly direction, a distance of 5,500 feet, more or less, to a point on the northerly property line of Parcel No. 1, Map No. 51;

thence easterly following the northerly property line of Parcel No. 1, Map No. 51 for a distance of 4,560 feet, more or less;

thence, southerly following the easterly property line of Parcel No. 1, Map No. 51, a distance of 1,700 feet, more or less, to a point on Kanawha County Route 79;

thence in an easterly direction, 550 feet, more or less, crossing Kanawha County Route 79, the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point common to the property line of the West Virginia Turnpike and the westerly property line of Parcel No. 7, Map No 43;

thence northerly following the westerly property line of Parcel No. 7, Map No. 43, a distance of 1,930 feet, more or less;

thence northeasterly following the northerly property line of Parcel No. 7, Map 43; a distance of 1,030 feet, more or less;

thence northeasterly for a distance of 680 feet, more or less, to a point 500 feet southeasterly of the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence northeasterly, parallel to and 500 feet distance from the Baltimore & Ohio - Chesapeake & Ohio Railroad, a distance of 5,000 feet more or less;

thence northwesterly for a distance of 650 feet, more or less, to a point on the bank of the Great Kanawha River, crossing Kanawha County Route 61 and the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence westerly following the bank of the Great Kanawha River, a distance of 15,900 feet, more or less, to the point of beginning.

The said area of Chelyan Public Service District is hereby enlarged, extended and expanded to include all of the aforementioned area as described herein and further described in the prior order entered in this matter on the 16th day of August, 1972, and the said area so enlarged and annexed herein into Chelyan Public Service District and shall hence forth and hereafter become and constitute an integral part of the said Chelyan Public Service District.

It is further ordered that the certificate of publication of Rae Dell Vickers, publisher of the Charleston Gazette, a newspaper of general circulation in and for Kanawha County, West Virginia dated the 11th day of August, 1975 by and the same is hereby filed.

It is further ordered that the said enlargement of the said Chelyan Public Service District as herein described and the maintenance and operation of the public service properties by the said Chelyan Public Service District will be conducive to the preservation of public health, comfort and convenience of those persons residing in said area or owning or having any interest in property situate within said area.

ADOPTED BY THE COUNTY COMMISSION OF KANAWHA COUNTY, WEST VIRGINIA, THIS 27th DAY OF August, 1975.

J. D. Catalano
PRESIDENT - COMMISSIONER

Thomas L. Black
COMMISSIONER

[illegible]
COMMISSIONER

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 3/23/95 By Lynne Slamick
Deputy Clerk

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APPROVED BY:

County Attorney

ATTEST:

CLERK

PRESENTED BY:

J. H. Crowdson

APPROVED BY:

AT A REGULAR SESSION OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 16TH DAY OF AUGUST, A. D., 1972.

MEMBERS: HONORABLE HENRY C. SHORES, PRESIDENT, KELLY L. CASTLEBERRY AND DEWEY E. S. KUHNS, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: A RESOLUTION AND ORDER CREATING THE CHELYAN PUBLIC SERVICE DISTRICT IN KANAWHA COUNTY, WEST VIRGINIA

WHEREAS, the County Court of Kanawha County, West Virginia did heretofore, by an order adopted on the 14th day of July, 1972, fix a date for a public hearing on the creation of the proposed Chelyan Public Service District, and in and by said order provide that all persons residing in or having any interest in property in the proposed Chelyan Public Service District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed Public Service District and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, said hearing was held at the time and place stated in said order on August 16, 1972 at 10 o'clock A. M., E.D.S.T., and the Court considered the question of creating said Public Service District; and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said District;

NOW, THEREFORE, BE IT, AND IT IS HEREBY RESOLVED and ORDERED by the County Court of Kanawha County, West Virginia, as follows:

Section 1. That said Chelyan Public Service District within Kanawha County, West Virginia, is hereby created, and said District shall have the following boundaries:

"BEGINNING at a point at the junction of Brawleys Hollow and the Great Kanawha River, such point being near a navigation light on the bank of the Great Kanawha River, thence in a southwesterly direction 375 feet, more or less, crossing the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point on the northwesterly property line of Parcel No. 43, Map 39, Cabin Creek District, Kanawha County, West Virginia, as shown on a map on file in the Office of the Assessor;

thence following the meandering northwesterly property line of Parcel No. 43, Map 39, in a southwesterly direction, a distance of 2,000 feet, more or less;

thence following the southwesterly property line of Parcel No. 43, Map 39, in a southeasterly direction, a distance of 2,500 feet, more or less;

thence westerly following the meandering northerly property line of Parcel No. 1, Map 42, a distance of 2,100 feet, more or less;

thence southerly following the westerly property line of Parcel No. 1, Map No. 42, a distance of 2,800 feet, more or less;

thence easterly following the southerly property line of Parcel No. 10, Map No. 42, a distance of 7,300 feet, more or less, to a point on Slaughter Creek;

thence down Slaughter Creek in a northwesterly direction, a distance of 5,500 feet, more or less, to a point on the northerly property line of Parcel No. 1, Map No. 51;

thence easterly following the northerly property line of Parcel No. 1, Map No. 51 for a distance of 4,560 feet, more or less;

thence, southerly following the easterly property line of Parcel No. 1, Map No. 51, a distance of 1,700 feet, more or less, to a point on Kanawha County Route 79;

thence in an easterly direction, 550 feet, more or less, crossing Kanawha County Route 79, the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point common to the property line of the West Virginia Turnpike and the westerly property line of Parcel No. 7, Map No. 43;

thence northerly following the westerly property line of Parcel No. 7, Map No. 43, a distance of 1,930 feet, more or less;

thence northeasterly following the northerly property line of Parcel No. 7, Map No. 43; a distance of 1,030 feet, more or less;

thence northwesterly for a distance of 680 feet, more or less, to a point 500 feet southeasterly of the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence northeasterly, parallel to and 500 feet distance from the Baltimore & Ohio - Chesapeake & Ohio Railroad, a distance of 5,000 feet, more or less;

thence northwesterly for a distance of 650 feet, more or less, to a point on the bank of the Great Kanawha River, crossing Kanawha County Route 61 and the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence westerly following the bank of the Great Kanawha River, a distance of 15,900 feet, more or less, to the point of beginning, a map of which is attached hereto and made a part hereof.

in Cabin Creek Magisterial District of the County of Kanawha, West Virginia, as shown on a map prepared by Allen A. Van Horn, Registered Professional Engineer, No. 5539, dated April 17, 1972.

Section 2. That said Public Service District so created shall have the name and corporate title of Chelyan Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the Code of West Virginia.

Section 3. That the County Court of Kanawha County, West Virginia, has determined that the territory within Kanawha County, West Virginia, having the herein described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water or sewerage, or both, within such territory by said Public Service District will be conducive to the preservation of public health, comfort and convenience of such area.

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Adopted by the County Court of Kanawha County, West Virginia on this 16th day of August, 1972.

Teste:

THE COUNTY COURT OF KANAWHA COUNTY

Approved By:

County Attorney

I, ALMA Y. KING, do hereby cer[illegible] that this is a true copy from the record
Teste: ALMA Y. KING, C[illegible]
Kanawha County Commission
Date 3/23/94 By [illegible] Deputy Clerk

AT A REGULAR SESSION OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON WEDNESDAY, THE 16TH DAY OF AUGUST, A. D., 1972.

MEMBERS: HONORABLE HENRY C. SHORES, PRESIDENT, KELLY L. CASTLEBERRY AND DEWEY E. S. KUHNS, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: A RESOLUTION AND ORDER APPOINTING MEMBERS OF THE BOARD OF THE CHELYAN PUBLIC SERVICE DISTRICT

WHEREAS, the County Court of Kanawha County, West Virginia did heretofore by resolution and order adopted on the 16th day of August, 1972, create the Chelyan Public Service District; and

WHEREAS, under the provisions of Article 13A of Chapter 16 of the Code of West Virginia, the powers of said Public Service District shall be vested in and exercised by a Public Service Board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said District, it is provided by Article 13A of Chapter 16 of the Code of West Virginia that this County Court shall appoint three members of said Board who shall be persons residing within the District.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED and ORDERED by the County Court of Kanawha County, West Virginia, as follows:

Section 1. That the County Court of Kanawha County, West Virginia, hereby finds and determines that Archie Searls, Willie Gibbs and Joyce McPhail are persons residing within the Chelyan

Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said District and their respective terms of office shall be as follows:

Archie Searls for a period of six years from the first day of the month in which this resolution and order is adopted.

Willie Gibbs for a term of four years from the 1st day of the month in which this resolution and order is adopted; and

Joyce McPhail for a period of two years from the 1st day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable at the office of the Clerk of the County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial Public Service Board of the Chelyan Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the Code of West Virginia.

Adopted by the County Court of Kanawha County, West Virginia on the 10th day of August, 1972.

Teste:

THE COUNTY COURT OF KANAWHA COUNTY

Approved By:

County Attorney

The Court considered routine matters and there being no further business for consideration, the Court recessed until Thursday the 17th day of August, A.D., 1972.

I, ALMA Y. KING, do hereby certify that this is a true copy from the record
Teste: ALMA Y. KING
Kanawha County Commission
Date 3/24/14 By [illegible] Deputy
Clerk

PRESIDENT

AT A REGULAR SESSION OF THE COUNTY COMMISSION OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON MONDAY, THE 4TH DAY OF AUGUST, A. D., 1975.

RESOLUTION AND ORDER AFFIXING A DATE OF HEARING ON THE ENLARGEMENT OF THE AREA OF CHELYAN PUBLIC SERVICE DISTRICT, SAID PUBLIC SERVICE DISTRICT HAVING HERETOFORE BEEN CREATED BY PRIOR ORDER OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, SAID PUBLIC SERVICE DISTRICT SITUATE IN KANAWHA COUNTY, WEST VIRGINIA AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SAID HEARING FOR THE ENLARGEMENT OF THE AREA SOUGHT TO BE INCLUDED IN SAID ENLARGED PUBLIC SERVICE DISTRICT

WHEREAS, by prior order of the County Court of Kanawha County, West Virginia, Chelyan Public Service District was created; said Order creating said Chelyan Public Service District being duly of record in the Office of the Clerk of the County Court of Kanawha County, West Virginia, and said Order having been duly entered by the County Court of Kanawha County, West Virginia, on the 16th day of August, 1972, and

WHEREAS, it appearing unto the County Court of Kanawha County, West Virginia, from the evidence submitted by proper parties unto the Court that the enlargement of the territorial limits of said public service district shall be conducive to the preservation of public health, comfort and convenience of the said area previously included in the said public service district, and as well as the area sought to be annexed by the said public service district, pursuant to the provisions of Article 13-A of Chapter 16 of the West Virginia Code and other pertinent statutes and laws of the State of West Virginia, and it appearing further unto the Court that the public interest, including the preservation of public health, comfort and convenience, of the area presently included in the said public service district and the area which the said district proposes to include in the said district would be advanced and promoted by the said public service district being enlarged to include the area sought to be included and described herein; the County Court of Kanawha County, West Virginia, upon

its own motion, after considering said proper evidence submitted unto the Court relative to the question of enlarging the said public service district known as Chelyan Public Service District, proposes to enlarge the said public service district known as Chelyan Public Service District to include areas outside of its original territorial and physical limits and within Kanawha County, West Virginia, and the said Court does further desire to affix a date for a hearing upon the enlargement of said public district.

Now, Therefore, Be and It Is Hereby Resolved and Ordered by The County Court of Kanawha County, West Virginia, as follows:

Section 1. The County Court of Kanawha County, West Virginia, upon its own motion does hereby propose to enlarge the physical, geographical and territorial limits of that certain public service district known as Chelyan Public Service District.

Section 2.

(a) The name and corporate title of said enlarged area shall be the same as hereinbefore established, to-wit: Chelyan Public Service District.

(b) The territory and area sought to be embraced by the enlargement of the physical and territory limits of Chelyan Public Service District shall be as follows:

All that certain area situate in the magisterial district formely known as Cabin Creek District (now known as District One) in Kanawha County, West Virginia, and being more particularly bounded and described as follows:

Beginning at the point of low water line on the south bank of the Kanawha River at the United States Coast Guard River Navigation Light between River Mile Post 72 and 73: thence the boundary proceeds in a more or less south-westerly direction approximately 3,500 feet to the top of the ridge that separates the water shed of Wolfpen Hollow of Fields Creek, Brawleys Hollow, and the right branch of Little Creek;

thence from this point, the boundary proceeds in a more or less southwesterly direction approximately 14,600 feet following the ridge line separates the Little Creek water shed from the Wolfpen Hollow, Sawmill Hollow and Coopers Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 16,200 feet to the Boone-Kanawha County Line following the ridge line that separates the Bradley Fork, Dotson Fork and Sweethome Hollow water sheds of Slaughters Creek from the Town Hollow and North Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 5,560 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates the Splicelick Fork and Carrow Fork water shed of the Left Fork of Joes Creek from the Sweethome Hollow and Naple Fork water shed of Slaughters Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 12,640 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates the Carrow Fork of Joes Creek and Joes Creek water shed from the

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Maple Fork of Slaughter Creek and Longbottom Creek of Cabin Creek water shed;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 27,300 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates Joes Creek, Little White Oak Creek, Three Mile Branch of White Oak Creek and Left Fork of White Creek water shed from Left Fork of Longbottom Creek and Coal Fork water sheds of Cabin Creek;

thence from this point, the boundary proceeds in a more or less easterly direction approximately 19,000 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates the Left Fork of White Oak Creek and Moccasin Hollow (tributary of White Oak Creek) water sheds from Coal Fork, Laurel Fork and Left Fork (of Laurel Fork) water sheds of Cabin Creek;

thence from this point, leaving the Boone Kanawha County Line, the boundary proceeds in a more or less northeasterly direction approximately 12,700 feet following the ridge line that separates the Left Fork (tributary of Laurel Fork) of Cabin Creek water shed and Toms Fork of Cabin Creek water shed, to a point where County Route 79 crosses Cabin Creek;

thence from this point, the boundary proceeds in a more or less southeasterly direction approximately 9,900 feet following the ridge line that separates Cabin Creek and Powerhouse Hollow water shed from the Cane Fork water shed;

Thence from this point the boundary proceeds in a more or less northerly direction approximately 11,800 feet following the ridge line that separates the water sheds of two unnamed hollows;

thence from this point the boundary proceeds in a more less northerly direction approximately 18,900 feet following the ridge line that separates Cabin Creek and Paint Creek water shed to a point on the ridge over the Memorial Tunnel of the West Virginia Turnpike;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 36,160 feet following the ridge line that separates the Cabin Creek water shed from the Paint Creek water shed;

thence from this point, the boundary proceeds in a more or less northwesterly direction approximately 11,000 feet following the ridge line that separates the Cabin Creek water shed from the Kanawha River shed to a point on said ridge overlooking the Kanawha River and adjacent to the United States Coast Guard River Navigation Light between river mile Posts 75 and 76;

thence from this point, the boundary proceeds in a more or less northwesterly direction approximately 4,800 feet, passing through the United States Coast Guard River Navigation Light between river miles 75 and 76 on the Great Kanawha River, and then crossing the Great Kanawha River, the Penn Central Railroad and US Routes 21 and 60 to a point on top of a ridge;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 3,600 feet following a ridge line that separates the Watson Branch and Kanawha River water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 6,200 feet following a ridge line that separates the Laurel Fork of Witcher Creek and Mile Branch water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 7,100 feet following a ridge line that separates the Laney Fork and Horsemill Branch water sheds;

thence from this point, the boundary proceeds in a more or less northeasterly direction approximately 15,400 feet following a ridge line that separates the Witcher Creek and Bufflick Branch water sheds, said point being on the boundary of the Malden Public Service District and on the magisterial line between the Malden and Cabin Creek Districts;

thence from this point, the boundary proceeds in a more or less westerly direction following a ridge line that separates the Campbells creek and and Witcher Creek water sheds, said ridge line being the magisterial line between the Malden and Cabin Creek Districts and also the boundary line of the Malden Public Service District, to a point where the Malden Public Service District Boundary Line leaves the magisterial line;

thence from this point, the boundary proceeds in a more or less southwesterly direction following a ridge line that separates the Left Fork of Witcher Creek and Simmons Creek water sheds, said ridge line being the magisterial line between the Malden and Cabin Creek Districts to a point on the ridge line near the easterly boundary of the City of Belle;

thence from this point the boundary proceeds in a more or less southerly direction, leaving the magisterial line between the Malden and Cabin Creek Districts and proceeding down the hill to the northeasterly corner of the City Limits of the City of Belle;

thence from this point, the boundary proceeds in a more or less southwesterly direction, following the easterly City Limits of the City of Belle to the center line of the Great Kanawha River;

thence from this point, the boundary proceeds in a more or less southeasterly direction, following the center line of the Great Kanawha River to a point opposite the United States Coast Guard river navigation light at river mile 72.6;

thence from this point, the boundary proceeds in a more or less southwesterly direction to the United States Coast Guard river navigation light, said point being the point of Beginning (see attached map for the boundaries of the Chelyan Public Service District), but there is excepted and reserved from the above area all of that certain lot, tract, or parcel of land presently included in the territorial and physical area comprising the Chelyan Public Service District as more fully described in the previous Order; the County Court of Kanawha County, West Virginia, entered on the 16th day of August, 1972, said area excepted and reserved being more particularly bounded and described as follows;

All that certain lot, tract or parcel of land situate in Cabin Creek District, Kanawha County, West Virginia, being more particulary bounded and described as follows:

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"Beginning at a point at the junction of Brawleys Hollow and the Great Kanawha River, said point being near a navigation light on the bank of the Great Kanawha River, thence in a southwesterly direction 375 feet, more or less, crossing the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point on the northwesterly property line of Parcel No. 43, Map 39, Cabin Creek District, Kanawha County, West Virginia, as shown on a map on file in the Office of the Assessor;

Thence following the meandering northwesterly property line of Parcel No. 43, Map 39, in a southwesterly direction, a distance of 2,000 feet, more or less;

Thence following the southwesterly property line of Parcel No. 43, Map 39, in a southeasterly direction, a distance of 2,500 feet, more or less;

Thence westerly following the meandering northerly property line of Parcel No.1, Map 42, a distance of 2,100 feet, more or less;

Thence southerly following the westerly property line of Parcel No.1, Map No. 42, a distance of 2,800 feet, more or less;

Thence easterly following the southerly property line of Parcel No. 10, Map No. 42, a distance of 7,300 feet, more or less, to a point on Slaughter Creek;

Thence down Slaughter Creek in a northwesterly direction, a distance of 5,500 feet, more or less, to a point on the northerly property line of Parcel No.1, Map No. 51;

Thence easterly following the northerly property line Parcel No.1, Map No.51 for a distance of 4,560 feet, more or less;

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(c) The purpose of the enlargement of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying sewage and waste treatment services and facilities and water supply and distribution services and facilities within such territory to the extend permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13-A of Chapter 16 of the West Virginia Code nor does such territory include within its limits any city incorporated town or other municipal corporation.

Section 3. That on the 27th day of August, 1975, at the hour of 11 o'clock A.M., E.S.D.S.T., this County Court shall meet at the Courthouse of Kanawha County, West Virginia, for the purpose of conducting public hearings upon the enlargement of the public service district known as Chelyan Public Service District, at which time and place all persons residing in or owning or having any interest in property in the proposed enlarged public service district may appear before your County Court and shall have an opportunity to be heard for and against the enlargement of the said Chelyan Public Service District, and at such hearing the County Court consider and determine the feasibility of the enlargement of the public service district.

Section 4. The Clerk of the County Court of Kanawha County, West Virginia, is hereby authorized and directed to cause notice of such hearing substantially in the form as herein set out to be published and posted as required by law, prior to the said hearing date, said notice shall be substantially in the following words and effect:

Thence, southerly following the easterly property line of Parcel No. 1, Map No.51, a distance of 1,700 feet, more or less, to a point on Kanawha County Route 79;

Thence in an easterly direction, 550 feet, more or less, crossing Kanawha County Route 79;the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point common to the property line of the West Virginia Turnpike and the westerly property line of Parcel No. 7, Map No. 43;

Thence northerly following the westerly property line of Parcel No. 7, Map No.43, a distance of 1,930 feet, more or less;

Thence northeasterly following the northerly property line of Parcel No. 7, Map No.43; a distance of 1,030 feet, more or less;

Thence norhteasterly for a distance of 680 feet, more or less, to a point 500 feet southeasterly of the Baltimore & Ohio - Chesapeake & Ohio Railroad;

Thence northeasterly,parallel to and 500 feet distance from the Baltimore & Ohio - Chesapeake & Ohio Railroad, a distance of 5,000 feet, more or less;

Thence northeasterly for a distance of 650 feet, more or less, to a point on the bank of the Great Kanawha River, crossing Kanawha County Route 61 and the Baltimore & Ohio - Chesapeake & Ohio Railroad;

Thence westerly following the bank of the Great Kanawha River, a distance of 15,900 feet, more or less, to the point of beginning, a map of which is attached hereto and made a part hereof.

V 611

NOTICE OF PUBLIC HEARING ON THE ENLARGEMENT
OF THE AREA OF CHELYAN PUBLIC SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that pursuant to the provision of Article 13-A, Chapter 16, of the West Virginia Code, and pursuant to the pertinent statutes relative thereto, the County Court of Kanawha County, West Virginia, upon its own motion, proposes to enlarge the physical, geographical and territorial limits of Chelyan Public Service District said area sought to be enlarged and included in said Chelyan Public Service District being situate in the Magisterial District formerly known as Cabin Creek District (now known as District One), Kanawha County, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise, and the maintenance, operation, improvement and extension of public service properties supplying sewage and waste treatment services and facilities and water supply and facilities in the said area sought to be embraced and included in the Public Service District known as Chelyan Public Service District, and to be extended therein as permitted and authorized by law, said area sought to be included to become as integral part of Chelyan Public Service District and area sought to be annexed and included being described and bounded and having the following boundaries;

All that certain area situate in the magisterial district formerly known as Cabin Creek District (now known as District One), in Kanawha County, West Virginia, and being more particularly bounded and described as follows:

Beginning at the point of low water line on the south bank of the Kanawha River at the United States Coast Guard River Navigation Light between River Mile Post 72 and 73; thence the boundary proceeds in a more or less south-westerly direction approximately 3,500 feet to the top of the ridge that separates the water shed of Wolfpen Hollow of Fields Creek Brawleys Hollow, and the right branch of Little Creek;

thence from this point, the boundary proceeds in a more or less south-westerly direction approximately 14,600 feet following the ridge line that separates the Little Creek water shed from the Wolfpen Hollow, Sawmill Hollow and Coopers Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 16,200 feet to the Boone-Kanawha Line following the ridge line that separates the Bradley Fork, Dotson Fork and Sweethome Hollow water sheds of Slaughters Creek from the Town Hollow and North Hollow water sheds of Fields Creek;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 12,640 feet to the Boone-Kanawha County Line which more or less follows the ridge line that separates the Splicelick Fork and Carrow Fork water shed of the Left Fork of Joes Creek from the Sweethome Hollow and Map Maple Fork water shed of Slaughters Creek;

thence from this point, the boundary proceeds in a more or less south-easterly direction approximately 12,640 feet to the Boone-Kanawha County Line which more or less follows the ridge line that separates the Carrow Fork of Joes Creek and Joes Creek water shed from the Maple Fork of Slaughter Creek and Longbottom Creek of Cabin Creek water shed;

thence from this point, the boundary proceeds in a more or less northerly direction approximately 36,160 feet following the ridge line that separates the Cabin Creek water shed from the Paint Creek water shed;

thence from this point, the boundary proceeds in a more or less northwesterly direction approximately 11,000 feet following the ridge line that separates the Cabin Creek water shed from the Kanawha River water shed to a point on said ridge overlooking the Kanawha River and adjacent to the United States Coast Guard River Navigation Light between river mile Posts 75 and 76;

thence from this point, the boundary proceeds in a more or less northwesterly direction approximately 4,800 feet, passing through the United States Coast Guard River Navigation Light between river miles 75 and 76 on the Great Kanawha River, then crossing the Great Kanawha River, the Penn Central Railroad and US Routes 21 and 60 to a point on top of a ridge.

thence from this point, the boundary proceeds in a more or less northerly direction approximately 3,600 feet following a ridge line that separates the Watson Branch and Kanawha River water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 6,200 feet following a ridge line that separates the Laurel Fork of Witcher Creek and Mile Branch water sheds;

thence from this point, the boundary continues in a more or less northerly direction approximately 7,100 feet following a ridge line that separates the Haney Fork and Horsemill Branch water sheds;

thence from this point, the boundary proceeds in a more or less southerly direction approximately 27,300 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates Joes Creek, Little White Oak Creek, Three Mile Branch of White Oak Creek and Left Fork of White Creek water shed from Left Fork of Longbottom Creek and Coal Fork water sheds of Cabin Creek;

thence from this point, the boundary proceeds in a more or less easterly direction approximately 19,000 feet following the Boone-Kanawha County Line which more or less follows the ridge line that separates the Left Fork of White Oak Creek and Moccasin Hollow (tributary of White Oak Creek) water sheds from Coal Fork, Laurel Fork and Left Fork (of Laurel Fork) water sheds of Cabin Creek;

thence from this point, leaving the Boone Kanawha County Line, the boundary proceeds in a more or less northeasterly direction approximately 12,700 feet following the ridge line that separates the Left Fork (tributary of Laurel Fork) of Cabin Creek water shed and Toms Fork of Cabin Creek water shed, to a point where County Route 79 crosses Cabin Creek;

thence from this point, the boundary proceeds in a more or less southeasterly direction approximately 9,900 feet following the ridge line that separates Cabin Creek and Powerhouse Hollow water shed from the Cane Fork water shed;

thence from this point the boundary proceeds in a more or less northerly direction approximately 11,800 feet following the ridge line that separates the water sheds of two unnamed hollows;

thence from this point the boundary proceeds in a more less northerly direction approximately 18,900 feet following the ridge line that separates

easterly direction approximately 15,400 feet following a ridge line that separates the Witcher Creek and Bukklick Branch water sheds, said point being on the boundary of the Malden Public Service District and on the magistrial line between the Malden and Cabin Creek Districts;

thence from this point, the boundary proceeds in a mor or less westerly direction following a ridge line that separates the Campbells Creek and Witcher Creek water sheds, said ridge line being the magisterial line between the Malden and Cabin Creek Districts and also the boundary line of the Malden Service District, to a point where the Malden Public Service District Boundary Line leaves the magisterial line;

thence from this point, the boundary proceeds in a more or less southwesterly direction following a ridge line that separates the Left Fork of Witcher Creek and Simmons Creek water sheds, said ridge line being the magisterial line between the Malden and Cabin Creek Districts to a point on the ridge line near the easterly boundary of the City of Belle;

thence from this point the boundary proceeds in a more or less southerly direction, leaving the magisterial line between the Malden and Cabin Creek Districts and proceeding down the hill to the northeasterly corner of the City Limits of the City of Belle;

thence from this point, the boundary proceeds in a more or less southwesterly direction, following the easterly City Limits of the City of Belle to the center line of the Great Kanawha River;

thence from this point, the boundary proceeds in a more less southeasterly direction, following the center line of the Great Kanawha River to a point opposite the United States Coast Guard river navigation light at river mile 72.6;

thence from this point, the boundary proceeds in a more or less southwesterly direction to the United States Coast Guard river navigation light, said point being the point of Beginning (see attached map for the boundaries of the Chelyan Public Service District), but there is excepted and reserved from the above area all of that certain lot, tract, or parcel of land presently included in the territorial and physical area comprising the Chelyan Public Service District as more fully described in the previous Order; the County Court of Kanawha County, West Virginia, entered on the 16th day of August, 1972, said area excepted and reserved being more particularly bounded and described as follows;

"BEGINNING at a point at the junction of Brawleys Hollow and the Great Kanawha River, said point being near a navigation light on the bank of the Great Kanawha River, thence in a southwesterly direction 375 feet, more or less, crossing the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point on the northwesterly property line of Parcel No. 43, Map 39, Cabin Creek District, Kanawha County, West Virginia, as shown on a map on file in the Office of the Assessor;

thence following the meandering northwesterly property line of Parcel No. 43, in a southwesterly direction, a distance of 2,000 feet, more or less;

thence following the southwesterly property line of Parcel No. 43, Map 39, in a southeasterly direction, a distence of 2,500 feet, more or less;

thence westerly following the meandering northerly property line of Parcel No. 1, Map 42, a distance of 2,100 feet, more or less;

thence southerly following the westerly property line of Parcel No. 1, Map No. 42, a distance of 2,800 feet, more or less;

thence easterly following the southerly property line of Parcel No. 10, Map No. 42, a distance of 7,300 feet, more or less, to a point on Slaughter Creek;

thence down Slaughter Creek in a northwesterly direction, a distance of 5,500 feet, more or less, to a point on the northerly property line of Parcel No. 1, Map No. 51;

thence easterly following the northerly property line of Parcel No.1, Map No. 51 for a distance of 4,560 feet, more or less;

thence,southerly following the easterly property line of Parcel No. 1, Map No. 51, a distance of 1,700 feet, more or less, to a point on Kanawha County Route 79;

thence in an easterly direction, 550 feet, more or less, crossing Kanawha County Route 79, the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point common to the property line of the West Virginia Turnpike and the westerly property line of Parcel No. 7, Map No.43;

thence northerly following the westerly property line of Parcel No. 7, Map No. 43, a distance of 1,930 feet, more or less;

thence northeasterly following the northerly property line of Parcel No. 7, Map 43; a distance of 1, 030 feet, more or less;

thence northeasterly for a distance of 680 feet, more or less, to a point 500 feet southeasterly of the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence northeasterly, parallel to and 500 feet distance from the Baltimore & Ohio - Chesapeake & Ohio Railroad, a distance of 5,000 feet, more or less;

thence northwesterly for a distance of 650 feet, more or less, to a point on the bank of the Great Kanawha River, crossing Kanawha County Route 61 and the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence westerly following the bank of the Great Kanawha River, a distance of 15,900 feet, more or less, to thepoint of beginning, a map of which is attached hereto and made a part hereof.

All persons residing in or owning or having any interest in property sought to be included in the enlarged public service district to be known as Chelyan Public Service District are hereby notified that the County Court of Kanawha County will conduct a public hearing on the 27th day of August 1975, at 11 O'clock A .M.,E.D.S.T., in the County Courthouse at Charleston, Kanawha County, West Virginia, at which time and place all interested persons may appear before the County COurt and shall have an opportunity to be heard for and against the enlargement of the said public service district known as Chelyan Public Service District;

CLERK OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA

Adopted by the County Court of Kanawha County, West Virginia, this 4th day of August, 1975.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

I, ALMA Y. KING, do hereby cer... that this is a true copy from the record
Teste: ALMA Y. KING, Clerk
Kanawha County Commission
Date 3/23/94 By Lynne Hamrick
Clerk
Deputy

AT A REGULAR SESSION OF THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON FRIDAY, THE 14TH DAY OF JULY, A. D., 1972.

MEMBERS: HONORABLE HENRY C. SHORES, PRESIDENT, KELLY L. CASTLEBERRY AND DEWEY E. S. KUHNS, GENTLEMEN COMMISSIONERS OF THE COUNTY.

RE: AN ORDER WHEREBY THE COUNTY COURT OF KANAWHA COUNTY, WEST VIRGINIA, PROPOSES ON ITS OWN MOTION TO CREATE A PUBLIC SERVICE DISTRICT TO BE KNOWN AS "CHELYAN PUBLIC SERVICE DISTRICT" FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC SERVICE SYSTEM OR PUBLIC WATER SYSTEM, OR BOTH, FOR THE RESIDENTS OF AN AREA KNOWN AS THE UNINCORPORATED COMMUNITY OF CHELYAN, WITHIN KANAWHA COUNTY AND FIXING A DATE FOR HEARING OF SAID MOTION AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING

WHEREAS, there has heretofore been filed in the Office of the Clerk of the County Court of Kanawha County, West Virginia, a petition to this Court for the creation of a public service district within Kanawha County, West Virginia; and

WHEREAS, at this meeting the said County Clerk has presented such petition to the Court; and

WHEREAS, upon presentation and consideration of said petition it is found and determined to be desirable and proper in accordance with Chapter 16, Article 13A, of the Code of West Virginia, for this Court on its own motion to propose the creation of said public service district and to fix a date of hearing on said motion and to provide for the publication of this order.

NOW, THEREFORE, upon the Court's own motion it is hereby ORDERED by the County Court of Kanawha County, West Virginia, as follows:

Section 1: That the County Court of Kanawha County, West Virginia, hereby finds and declares that there has been filed in the office of the Clerk and presented to this Court by said Clerk a petition for the creation of a public service district within Kanawha County, West Virginia, which said petition contains a description sufficient to identify the territory to be embraced within said public service district and which petition has been signed by a substantial number of legal voters resident within and owning real property within the limits of the proposed public service district. The County Court of Kanawha County further finds and declares that it is in all respects desirable and proper for the County Court on its own motion to propose the creation of said public service district. The motion proposing the creation of said public service district was duly made, seconded and carried.

Section 2: The County Court of Kanawha County, West Virginia does declare and find the following matters and things to be suitable, proper and in accordance with Chapter 16, Article 13A of the Code of West Virginia:

(a) The name and corporate title of said public service district shall be the "Chelyan Public Service District."

(b) The territory to be embraced in said public service district shall be as follows:

BEGINNING at a point at the junction of Brawleys Hollow and the Great Kanawha River, such point being near a navigation light on the bank of the Great Kanawha River, thence in a southerwesterly direction 375 feet, more or less, crossing the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point on the northwestern property line of Parcel No. 43, Map 39, Cabin Creek District, Kanawha County, West Virginia, as shown on a map on file in the Office of the Assessor;

thence following the meandering northwesterly property line of Parcel No. 43, Map 39, in a southwesterly direction, a distance of 2,000 feet, more or less;

thence following the southwesterly property line of Parcel No. 43, Map 39, in a southeasterly direction, a distance of 2,500 feet, more or less;

thence westerly following the meandering northerly property line of Parcel No. 1, Map 42, a distance of 2,100 feet, more or less;

thence southerly following the westerly property line of Parcel No. 1, Map No. 42, a distance of 2,800 feet, more or less;

thence easterly following the southerly property line of Parcel No. 10, Map No. 42, a distance of 7,300 feet, more or less, to a point on Slaughter Creek;

thence down Slaughter Creek in a northwesterly direction, a distance of 5,500 feet, more or less, to a point on the northerly property line of Parcel No. 1, Map No. 51;

thence easterly following the northerly property line of Parcel No. 1, Map no. 51 for a distance of 4,560 feet, more or less;

thence southerly following the easterly property line of Parcel No. 1, Map No. 51, a distance of 1,700 feet, more or less, to a point on Kanawha County Route 79;

thence in an easterly direction, 550 feet, more or less, crossing Kanawha County Route 79, the Baltimore & Ohio - Chesapeake & Ohio Railroad, and the West Virginia Turnpike, to a point common to the property line of the West Virginia Turnpike and the westerly property line of Parcel No. 7, Map No. 43;

thence northerly following the westerly property line of Parcel No. 7, Map No. 43, a distance of 1,930 feet, more or less;

thence northeasterly following the northerly property line of Parcel No. 7, Map No. 43; a distance of 1,030 feet, more or less;

thence northwesterly for a distance of 680 feet, more or less, to a point 500 feet southeasterly of the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence northeasterly, parallel to and 500 feet distance from the Baltimore & Ohio - Chesapeake & Ohio Railroad, a distance 5,000 feet, more or less;

thence northwesterly for a distance of 650 feet, more or less, to a point on the bank of the Great Kanawha River, crossing Kanawha County Route 61 and the Baltimore & Ohio - Chesapeake & Ohio Railroad;

thence westerly following the bank of the Great Kanawha River, a distance of 15,900 feet, more or less, to the point of beginning, a map of which is attached hereto and made a part hereof

in Cabin Creek Magisterial District of the County of Kanawha, West Virginia, as shown on a map prepared by Allen A. Van Horn, Registered Professional Engineer, No. 5539, dated April 17, 1972.

(c) The purpose of said public service district shall be to construct, acquire, maintain, and improve a public sewerage system or a public water system, or both, within such territory and also outside of such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A, of Chapter 16, of the Code of West Virginia, nor does such territory include within its limits any

city, incorporated town or other municipal corporation or any part thereof.

Section 3: That on the 16th day of August, 1972, being a day in the regular session of this Court, at 10 o'clock A. M., E.D.S.T., on said day, in the County Courtroom in the Court House, this Court will conduct a public hearing on the creation of the proposed public service district for the purpose of considering and determining the feasibility thereof and to consider and determine if the construction, maintenance and operation of said public service district will be conducive to the preservation of public health, comfort and convenience of residents of said area, at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for or against the creation of said public service district.

Section 4: The Clerk of this Court is hereby ORDERED and DIRECTED to cause notice of such meeting and hearing be given by the publication of this order. This order shall be published in the Charleston Gazette and the Charleston Daily Mail, newspapers of general circulation published in Kanawha County, as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the Official Code of West Virginia of 1931, as amended.

Dated the 14th day of July, 1972.

Teste:

THE COUNTY COURT OF KANAWHA COUNTY

Approved By:

County Attorney

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 3/23/44 By Deputy Clerk

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

Be it Resolved and Ordered by The Public Service Board of Chelyan Public Service District, Kanawha County, West Virginia:

Section 1. Statutory Mandate for These Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Public Service Board of Chelyan Public Service District, Kanawha County, West Virginia (herein called the "Board"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Board.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the Board:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted a notice setting forth the times and places of the Board's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Secretary.

Also immediately after adoption of this Resolution and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

News Media	Address
Charleston Gazette	1001 Virginia Street, East Charleston, WV 25301
Charleston Daily Mail	1001 Virginia Street, East Charleston, WV 25301
WCHS-TV	1301 Piedmont Road P. O. Box 11138 Charleston, WV 25339-1138
WOWK-TV	1601 Kanawha Blvd. West Charleston, WV 25301
WSAZ-TV	111 Columbia Avenue Charleston, WV 25302
WBES-FM	817 Suncrest Place Charleston, WV 25336
WVSR-AM	817 Suncrest Place P. O. Box 3697 Charleston, WV 25336

[The remainder of this page is intentionally left blank.]

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this Resolution, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Board.

In the event of any modification in the time or place of a regularly scheduled meeting of the Board, notice of such modification shall be given to the public and news media by posting at the place and distributing to the new media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

Rule 2. Notice of Special Meeting. Not less than three (3) buy not more than eight (8) days prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post on the door of the regular meeting place of the Board, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule

No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 3. Emergency Meeting. A meeting as of the Board may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of any emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Board and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Board Meeting: April 7, 1994

Adopted by Board: April 7, 1994

Chairman

Joyce McPhail

[SEAL]

Secretary

Jerry W Jimó

ABB02DD2

90-490 At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 29th day of November, 1990, the following order was made and entered:

SUBJECT: APPOINTMENT OF JOYCE MCPHAIL TO THE CHELYAN PUBLIC SERVICE DISTRICT

The following motion was offered by William J. Reese

The County Commission of Kanawha County, West Virginia, having been apprised of the death of Larry M. Baker, a member of the Chelyan Public Service District, doth ORDER that Joyce L. McFail, P.O. Box 548, Chelyan, West Virginia 25041, be and she is hereby appointed as a member of the Chelyan Public Service District to fill the unexpired term of Larry M. Baker which term expires August 1, 1996.

It is further ORDERED that the said Joyce McPhail 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, 1931, as amended.

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

Don Joe Hunt, President	Absent
Louis H. Bloom, Commissioner	Aye
William J. Reese, Commissioner	Aye

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

Absent
Don Joe Hunt, President

Louis H. Bloom, Commissioner

William J. Reese, Commissioner

Approved By: Betty L. Gibson
County Attorney

89-49

BOOK 127 PAGE 707

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 19th day of January 1989, the following order was made and entered:

Subject: ROY HANSHAW - APPOINTMENT TO THE CHELYAN PUBLIC SERVICE DISTRICT

The following motion was offered by William J. Reese, Commissioner

The County Commission of Kanawha County, West Virginia, having been apprised that the term of Etherel W. Keffer, a member of the Board of the Chelyan Public Service District, expired August 1, 1988, doth ORDER that Roy Hanshaw, Box 2, Chelyan, West Virginia 25035 be and he is hereby appointed to the Board of the Chelyan Public Service District for a term of six (6) years, which term will expire July 31, 1994.

It is further ORDERED that the said Roy Hanshaw 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, 1931, as amended.

The adoption of the foregoing motion having been moved by William J. Reese, Commissioner, and duly seconded by Don Joe Hunt, Commissioner, the vote thereon was as follows:

Louis H. Bloom, President	Aye
Don Joe Hunt, Commissioner	Aye
William J. Reese, Commissioner	Aye

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

Louis H. Bloom, President

Don Joe Hunt, Commissioner

William J. Reese, Commissioner

Approved By: Paul R. Stone
County Attorney

93-060

At a Regular Session of the County Commission of Kanawha County, West Virginia, held at the Courthouse thereof, on the 11th day of March, 1993, the following order was made and entered:

SUBJECT: APPOINTMENT OF JERRY W. JESSIE TO THE CHELYAN PUBLIC SERVICE DISTRICT

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

The County Commission of Kanawha County, West Virginia, having been apprised of the expiration of the term of Robert Leffew, a member of the Chelyan Public Service District, doth ORDER that Jerry W. Jessie, 2006-A East DuPont Avenue, Belle, West Virginia 25015, be appointed to the Chelyan Public Service District for a term expiring August 1, 1998.

It is further ORDERED that the said Jerry W. Jessie 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 West Virginia, 1991, as approved.

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

William J. Reese, President	Aye
Louis H. Bloom, Commissioner	Aye
Henry C. Shores, Commissioner	Aye

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

William J. Reese, President

Louis H. Bloom, Commissioner

Henry C. Shores, Commissioner

Approved By:

County Attorney

LIBER 1906 598

OFFICER'S OATH

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

I, Joyce McPhail, having been duly Appointed to the office of Chelyan 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.

Joyce McPhail

Subscribed and sworn to before the undersigned, Clerk of the County Commission of said county, this 6th day of December, 19 90.

ALMA Y. KING, Clerk

BY Linda M. Poling, Deputy, Clerk

OFFICER'S OATH

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

I, Roy Hanshaw, having been duly appointed to the office of BOARD OF THE CHELYAN 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.

Roy Hanshaw

Subscribed and sworn to before the undersigned, Clerk of the County Commission of said county, this 24th day of January, 1989.

Alma J. King, Clerk

LIBER 202 234

0188

OFFICER'S OATH

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

I, Jerry W. Jessie, having been duly appointed to the office of Chelyan 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.

Jerry Wayne Jessie

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 11th day of March, 1993.

Almalee Kinzy, Clerk

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
617 Broad Street
Charleston, WV 25301-1218

Gaston Caperton
Governor
John M. Ranson
Cabinet Secretary

David C. Callaghan
Director
Ann A. Spaner
Deputy Director

February 24, 1994

Mr. Francis R. Snock, Chief
Grants Management Section (3PM71)
US Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: Chelyan Public
Service District
C-540497-02

Dear Mr. Snock:

Transmitted are the Part B documents for Contracts 2, 3, 4 and 5 of the above referenced project. The State approves the bidding procedures and the grant increase in the amount of $893,140 reflecting a revised federal grant of $3,611,020. The total eligible project cost is now $6,565,500.

Should you have any questions, please contact Rosalie Brodersen at (304) 558-0637.

Sincerely,

CONSTRUCTION ASSISTANCE

Mike Johnson

Mike Johnson, P.E.
Assistant Chief

MJ/jta

Enclosures

cc: Chelyan PSD
S & S Engineers
Jackson & Kelley
Bernie Yonkosky, WVWDA

RECEIVED

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

APR 17 1989

CERTIFIED MAIL

RE: C-540497-02
Chelyan Public Service District

Mr. Larry M. Baker, Chairman
Chelyan Public Service District
P. O. Box 8
Cabin Creek, West Virginia 25035

Dear Mr. Baker:

We are pleased to inform you that a grant increase of $500,000 is approved for the Chelyan Public Service District, under the provisions of Section 214 of the Appalachian Regional Development Act of 1965, for the referenced project.

The grant supplements all previous awards made under the provisions of the Clean Water Act. The total grant for the project, therefore, is $3,217,880. You are reminded that the assurances given in accepting the original offer also apply to this supplemental grant.

The original and a copy of Assistance Amendment Number One are enclosed. The original copy of the Amendment should be signed and returned to Mrs. Catherine A. Mastropieri, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Robert J. Kitkus, Deputy
for Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Bernie Yonkosky, WDA
John Demchalk, ARC
S & S Engineers, Inc.

RECEIVED

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

July 7, 1988

Mr. Earl S. Smith
Chairman
Chelyan Public Service District
Post Office Box 8
Cabin Creek, West Virginia 25035

Dear Mr. Smith:

I am pleased to inform you of my approval of Appalachian Regional Commission funds in the amount of $500,000 for construction of collector sewers for the communities of Diamond, Witcher Creek, Dickinson, Carrol Branch, and Shrewsbury and the upgrading of the Chelyan sewage treatment plant. ARC funds will be used specifically to provide sewer service to the Quincy Shopping Center complex, thereby creating over 200 jobs.

This Appalachian Regional Commission grant will be used in conjunction with $2,717,880 in Environmental Protection Agency funds and a $2,168,120 loan from the West Virginia Water Development Authority. Local funds of $250,000 from the Kanawha County Commission, $100,000 from Quincy Coal Company, and $126,000 from the Town of Cedar Grove will complete the funding of the project.

The application will be forwarded to the Appalachian Regional Commission for their review. You should not proceed with any project activities until you are notified by a representative of my Community Development Division. Your efforts in the development of this project are most appreciated.

I look forward to the successful completion of this project.

Sincerely yours,

Arch A. Moore, Jr.
Governor

AAMJr:msj

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

REV (3-87)

TO: Harry Pippen
Director of Grants Administration
Environemental Protection Agency
401 M Street, S.W.
P.M. 216, Room SW 257
Washington, D.C. 20460

The Appalachian Regional Commission has approved a project for assistance under the Appalachian Regional Development Act of 1965 as amended, as follows:

Chelyan Public Service District Wastewater Improvements, Kanawha County, West Virginia - WV-10135-88-I-214-0707 (EPA Project No. C-540497-02-0)

FUNDING:

Eligible Costs		
EPA	$2,717,880	52.4%
ARC Section 214	500,000	9.7
Non-Federal (State WDA Loan)	1,488,120	28.7
Non-Federal (Local)	476,000	9.2
Total	$5,182,000	100.0%
In-Eligible Costs		
(State WDA Loan)	680,000	
Total Project Cost	$5,862,000	

Project will be administered by the Environmental Protection Agency.

Underrun. ARC funds are limited to the lesser of (1) the amount specified in ARC's most recent approval or (2) the difference between the actual eligible project cost and the sum of the actual non-ARC basic grants and the non-federal funds specified in ARC's most recent approval, unless otherwise directed by the Commission.

If Section 201 funding is specified, the following applies:

Percentage Limitation. ARC assistance is limited to the lesser of the amount specified above or 80 percent of eligible project cost.

Advisory Note for Education Projects. The State education agency monitoring this grant is requested to advise the grantee that the memorandum "Closeout of ARC-Assisted Education Projects-Clarification (P.L. 89-4, Sections 211(a), 211(b) and 214)", dated April 14, 1978, and disseminated by the Division of Vocational and Technical Education, U.S. Office of Education, prescribes closeout procedures to be adhered to in closing out this project.

APPROVED: _____
Federal Co-Chairman

SEP 22 1988
Date

RECEIVED MAR-2 1994

RECEIVED
1992 SEP 10 AM 11:32
KANAWHA COUNTY
COMMISSION

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

September 4, 1992

The Honorable Louis H. Bloom
President
Kanawha County Commission
Post Office Box 3627
Charleston, West Virginia 25332

Dear Commissioner Bloom:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1992.

I am pleased to approve a grant in the amount of $510,000 to the Kanawha County Commission. These funds will enable you to fund the Chelyan Public Service District sewer and the Davis Creek water projects.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Kanawha County.

Sincerely,

Gaston Caperton
Governor

GC:bts

JAN 28 1988

KANAWHA COUNTY COMMISSION

F. Douglas Stump, President
Don Joe Hunt, Commissioner
Louis H. Bloom, Commissioner

Post Office Box 3226
Charleston, West Virginia 25332

Telephone (304) 357-0101

January 19, 1988

RE: LETTER OF INTENT - FISCAL YEAR 1987-88

AGENCY: Chelyan Public Service District
ADDRESS: P. O. Box 6
Cabin Creek, West Virginia 25035
PROJECT DIRECTOR: Mr. Earl S. Smith, Chairman

PHONE NUMBER: 595-2203
RS FUNDS: $250,000.00
CS FUNDS:
LOCAL FUNDS:

PROJECT SUMMARY: Extension of sewer line across Kanawha River to serve Quincy Mall, Diamond, Witcher and Shrewsbury areas.

Dear Mr. Smith:

Please be advised that the Kanawha County Commission has appropriated, as of this date, the money outlined above as per your request; however, before any money is officially obligated, you must sign and return the attached General & Specific Requirements. These requirements are an essential part of this Letter of Intent.

The Kanawha County Commission also requires that you comply with the rules and regulations of the Kanawha County Purchasing Department relating to the purchasing of materials and/or contracting of services. Costs accrued from the project will be paid upon proper presentation of signed invoices to the Kanawha County Commission in an amount not exceeding the total amount of funds committed to this project.

The Kanawha County Commission is honored in having the opportunity of working with you in this worthwhile project for the citizens of Kanawha County.

Sincerely yours,

COUNTY COMMISSION OF KANAWHA COUNTY

F. Douglas Stump, President

Don Joe Hunt, Commissioner

Louis H. Bloom, Commissioner

RECEIVED

KANAWHA COUNTY COMMISSION

Louis H. Bloom, President
Don Joe Hunt, Commissioner
William J. Reese, Commissioner

Post Office Box 3627
Charleston, West Virginia 25336

Telephone (304) 357-0101

August 31, 1989

RE: LETTER OF INTENT - FISCAL YEAR 1989-90

AGENCY: Chelyan Public Service District
ADDRESS: Post Office Box 8
Cabin Creek, West Virginia 25035
PROJECT DIRECTOR: Larry Baker, Chairman

PHONE NUMBER: 595-2203
AMOUNT: $250,000.00
FUND: Coal Severance
ACCOUNT #: 02-524-5-68.02

PROJECT SUMMARY: Chelyan PSD sewer extension to include residents of the Shrewsbury area of Kanawha County and provide connection for Cedar Grove.

Dear Mr. Baker:

Please be advised that the Kanawha County Commission has appropriated, as of this date, the money outlined above as per your request; however, before any money is officially obligated you must sign and return the attached General & Specific Requirements. These requirements are an essential part of this Letter of Intent.

The Kanawha County Commission also requires that you comply with the rules and regulations of the Kanawha County Purchasing Department relating to the purchasing of materials and/or contracting of services. Costs accrued from the project will be paid upon proper presentation of signed invoices to the Kanawha County Commission in an amount not exceeding the total amount of funds committed to this project.

The Kanawha County Commission is honored in having the opportunity of working with you in this worthwhile project for the citizens of Kanawha County.

Sincerely yours,

COUNTY COMMISSION OF KANAWHA COUNTY

Louis H. Bloom, President

Don Joe Hunt, Commissioner

William J. Reese, Commissioner

RECEIVED DEC 16 1993

KANAWHA COUNTY COMMISSION

William J. Reese, President
Louis H. Bloom, Commissioner
Henry C. Shores, Commissioner

Post Office Box 3627
Charleston, West Virginia 25336

Telephone (304) 357-0101
FAX (304) 357-0595

December 8, 1993

RE: LETTER OF INTENT - FISCAL YEAR 1993-94

AGENCY: Chelyan Public Service District
PHONE NUMBER: 595-2203
ADDRESS: P. O. Box 8
Cabin Creek, West Virginia 25035
AMOUNT: $62,500.00
FUND: Coal Severance
PROJECT DIRECTOR: Ms. Joyce McPhail, Chairman
ACCOUNT #:
PROJECT SUMMARY: This allocation is to be used for the proposed Chelyan PSD sewer expansion project to serve the areas of Witcher Creek, Diamond, Carrol Branch and Shrewsbury.

Dear Ms. McPhail:

Please be advised that the Kanawha County Commission has appropriated, as of this date, the money outlined above as per your request; however, before any money is officially obligated you must sign and return the attached General & Specific Requirements. These requirements are an essential part of this Letter of Intent.

The Kanawha County Commission also requires that you comply with the rules and regulations of the Kanawha County Purchasing Department relating to the purchasing of materials and/or contracting of services. Costs accrued from the project will be paid upon proper presentation of signed invoices to the Kanawha County Commission in an amount not exceeding the total amount of funds committed to this project.

The Kanawha County Commission is honored in having the opportunity of working with you in this worthwhile project for the citizens of Kanawha County.

Sincerely yours,

COUNTY COMMISSION OF KANAWHA COUNTY

William J. Reese, President

Louis H. Bloom, Commissioner

Henry C. Shores, Commissioner

jg

KANAWHA COUNTY COMMISSION

Louis H. Bloom, President
William J. Reese, Commissioner
Henry C. Shores, Commissioner

Post Office Box 3627
Charleston, West Virginia 25336

Telephone (304) 357-0101
FAX (304) 357-0595

March 31, 1994

H. Wyatt Hanna, III, Esquire
Post Office Box 2311
Charleston, WV 25328

RE: Chelyan Public Service District
Proposed Sewer Expansion Project

Dear Mr. Hanna:

This is in response of your December 8, 1993 letter concerning funding for the Chelyan Public Service District proposed Sewer Expansion Project.

I wish to inform you that the Kanawha County Commission has appropriated $62,500.00 this fiscal year for the project and an additional $62,500.00 for the fiscal year 1995.

If you have any questions, please let me know.

Sincerely,

Stephen Zoeller
County Manager

SZ:jd

cc: David Bostic

QUINCY COAL COMPANY
1401 Kanawha Valley Building
CHARLESTON, WEST VIRGINIA 25301
TELEPHONES
304 346-3661

October 5, 1989

Chelyan Public Service District
P. O. Box 8
Cabin Creek, West Virginia 25035

RE: Financing of Second Phase Expansion
of Chelyan Public Service District
(CPSD)

Gentlemen:

Quincy Coal has previously pledged $100,000 to support the expansion of CPSD. We understand that a second phase expansion that would include Carroll's Branch and the area above Carroll's Branch between U.S. 60 and the railroad is anticipated.

Such an expansion would provide service to fifty-six present homes and would make available twelve new sites. Quincy anticipates that the new sites would be occupied within one year, therefore, the expansion would provide service for sixty-eight customers.

Such an expansion would still leave two major areas of Quincy and a couple of minor areas without service. The major areas would be served by the Shrewsbury and Diamond expansions. The minor areas will be more difficult to serve.

If the second phase expansion provides service as anticipated, Quincy will release $50,000 of its obligation when construction begins.

Please contact me if you have any questions.

Sincerely,

D. C. Pauley
Vice President

DCP:cm:cpsd

cc: Ray Marshall Evans
C. W. Waddill
John L. D. Payne

AGREEMENT

THIS AGREEMENT, Made the 30th day of March, 1993, by and between the TOWN OF CEDAR GROVE, Kanawha County, West Virginia, a municipal corporation, hereinafter designated as TOWN, and the CHELYAN PUBLIC SERVICE DISTRICT, Kanawha County, West Virginia, a public corporation of the State of West Virginia, hereinafter designated as DISTRICT:

W I T N E S S E T H:

WHEREAS, the DISTRICT owns and is responsible for the operation of a sanitary sewer system and 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 Department of Commerce, Labor, and Environmental Resources, Water Resources Division; and,

WHEREAS, the TOWN owns and maintains a sanitary sewer collection system and has in effect certain rates and charges to be made by it for the sale of its services to its customers; and,

WHEREAS, the DISTRICT'S wastewater treatment plant and sanitary sewer system have an adequate design capacity to handle the TOWN, and the DISTRICT agrees to reserve an adequate portion of the design capacity for use by the TOWN, subject to the terms set forth herein; and,

WHEREAS, the TOWN desires to connect to the sewer system of the DISTRICT and to be provided with secondary treatment of wastewater delivered to the DISTRICT'S sewer system by the TOWN; and,

NOW, THEREFORE, in consideration of the recitals, the parties do hereby agree as follows:

1. The TOWN shall design and cause to be constructed, at its sole cost, a sanitary sewer system meeting generally accepted sanitary engineering standards which will collect and transport sewage from within the boundaries of the TOWN to the DISTRICT'S sewer system at a point of connection, to be determined in the sole discretion of the DISTRICT at the East End of the unincorporated area of Shrewsbury, Kanawha County, West Virginia, as shown upon a drawing labeled "Drawing No. 1, Contract No. 5", prepared by S & S Engineers, Inc., the DISTRICT'S consulting engineer, said Drawing is attached hereto and marked for identification purposes as Exhibit A and incorporated as part of this Agreement for all pertinent purposes. The TOWN shall further limit the total amount of flow discharged into the DISTRICT'S wastewater collection system to a maximum flow of 130 gallons per minute, not to exceed 188,000 gallons per day. In the event the actual flow is more than 130 gallons per minute, and exceeds an average of 150,000 gallons per day, the TOWN will pay to the DISTRICT the additional operation and maintenance costs incurred, and the TOWN further agrees to hold the DISTRICT harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of action, suits, claims, demands, administrative adjudications, and judgments of any nature arising from the TOWN exceeding the 130 gallons per minute and maximum 188,000 gallons per day limitation heretofore

established. The TOWN shall further limit the amount of infiltration and inflow which will be permitted in the TOWN'S newly constructed sanitary sewer collection system to zero (0) gallons of inflow and Two Hundred (200) gallons per inch diameter mile of infiltration per day during final inspection and testing of the sanitary sewer collection system. No industrial customer will use the TOWN'S system without approval of the DISTRICT, so that pretreatment may be arranged and charges for the industrial waste formulated, if necessary.

2. The DISTRICT shall receive, treat and dispose of the wastewater from the TOWN at the DISTRICT'S Wastewater Treatment Plant, in such manner, and according to such standards, as are required of a sanitary sewage treatment facility. The DISTRICT shall maintain responsibility for discharge of treated wastewater in accordance with State and Federal laws and regulations. The TOWN shall be liable for fine and/or penalty incurred as a result of discharge violations occurring at the DISTRICT'S Wastewater Treatment Plant that are a direct result of the introduction of prohibited materials into the DISTRICT'S collection system. The DISTRICT shall have the right to monitor the TOWN'S wastewater by random sampling and analysis for compliance with this provision. The TOWN shall adopt a Sewer Use Ordinance in accordance with Federal and State guidelines which sets forth restrictive covenants as it may relate to a sanitary sewer system.

3. The TOWN'S wastewater is to be metered by a flowmeter installed at the point of discharge into the DISTRICT'S wastewater collection system. The TOWN shall be responsible for all costs associated with the installation of the flowmeter and

any costs incurred as a result of the operation and maintenance of the flowmeter. The DISTRICT shall have the right to jointly read the TOWN'S flowmeter and the DISTRICT shall have access to the TOWN'S flowmeter upon reasonable notice to the TOWN, to inspect and insure accuracy of the measurements of the wastewater flow into the DISTRICT'S wastewater collection system. The fee for transportation and treatment of the TOWN'S wastewater by the DISTRICT shall be based upon the metered water usage of the customers of the TOWN and provided to the DISTRICT by the TOWN, without cost, on a monthly basis and shall be calculated upon a per thousand gallon of metered water usage basis. The charge to the TOWN, which shall based upon a per thousand gallon of metered water usage basis, shall be calculated based upon the cost of service study prepared by Smith, Cochran, and Hicks which is attached hereto and marked for identification purposes as Attachment B and incorporated herein as a portion of this Agreement. Said cost of service study shall be subject to review and approval by the Public Service Commission of West Virginia, and such fee is hereby determined to be $1.48 per 1,000 gallons of metered water usage. In the event the TOWN does not bill its customers for sanitary sewage service in a particular month or months, the TOWN will pay the DISTRICT a charge equal to the average monthly amount billed by the DISTRICT to the TOWN for prior wastewater treatment and disposal service. The fee charged by the DISTRICT to the TOWN reflects the total cost of said transportation and treatment on a per thousand gallon of metered water usage basis and includes a pro rata share of the use of

existing sewers, lift stations and treatment plant, as well as, administration, operation, maintenance and any additional cost of service costs, including any and all legal, engineering and administrative fees incurred by the DISTRICT as a result of this Agreement. All new modifications of the DISTRICT'S system required to accommodate the TOWN, and approved by the West Virginia Department of Commerce, Labor, and Environmental Resources, Division of Environmental Protection, Construction Assistance Division, being designated as Contract No. _____, for the TOWN, reference to which is hereby made and incorporated herein as if specifically set forth as a portion of this Agreement, shall be paid in full by the TOWN during the construction phase of this project, in accordance with the terms set forth in Paragraph 5 herein.

4. The TOWN will obtain adequate insurance and shall keep in force, pay, and will protect, indemnify and hold the DISTRICT harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the DISTRICT), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) any injury to or death of any person or damage to property in or upon the TOWN'S property or facilities, or growing out of or connected with the use, non-use, condition or occupancy of the said TOWN'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 TOWN'S 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 TOWN, their authorized agents or servants, excluding the DISTRICT or its agents or servants, or the condition of the TOWN'S property or facilities including sidewalks, streets or alleys and any equipment or facilities at any time located on the TOWN'S property or under the TOWN'S control and used in connection therewith;

(2) violation of any agreement, warranty, or covenant.

The intent of this paragraph is that neither party will subsidize the other's capital or operation expenses and that all parties shall mutually benefit from this Agreement.

5. The TOWN will, in addition to the other payments provided for in this Agreement, pay to the DISTRICT the sum specified in Subparagraph 5.1 hereof, and, to the extent, and upon the contingencies, specified in Subparagraph 5.2 hereof, the sum specified in the said Subparagraph 5.2, to-wit:

5.1 The TOWN shall contribute an estimated sum of $126,000.00 for the facilities to be constructed and referred to in Paragraph 3 herein or the actual cost thereof, which cost shall not exceed more than 23.1 percent of the total project cost of those facilities detailed in a document labeled Exhibit C which is attached to this Agreement, to be adjusted upon completion of construction to the DISTRICT to aid in the construction of improvements necessary to upgrade its sanitary sewer system and Wastewater Treatment Plant in order to provide the TOWN with the services set forth in this Agreement. The remaining funds derived from the sources of revenue for the

TOWN'S project as described in this Agreement, as such sources are delineated in the TOWN'S Application for a Certificate of Convenience and Necessity which was filed with the Public Service Commission of West Virginia on the 14th day of December, 1992, shall be placed in an escrow account which shall be established on behalf of the DISTRICT and shall be disbursed to the DISTRICT on a monthly basis upon proper verification of the costs incurred during the construction phase of this project. The TOWN shall provide to the DISTRICT the disbursement of monies in accordance with the percentage of project completion, on a monthly basis, during construction and shall, upon completion of the project, pay the DISTRICT any remaining monies which may be owed to the DISTRICT, if any.

5.2 Upon (I) the completion of construction of the TOWN'S project as provided for in this Agreement; (II) the certification of such completion by the TOWN'S engineer; and (III) the payment in full of all costs and expenses incurred by the TOWN in connection with such project and its completion, including payment of the obligation mentioned in Subparagraph 5.1 aforesaid, the TOWN will, if, and to the extent, the TOWN holds project funds which are unexpended and are available for the purpose hereinafter in this paragraph stated, apply such unexpended and available funds to the payment, so far as such funds are sufficient for the purpose, of a claim in the amount of $61,754.00 which the DISTRICT has asserted against the TOWN as the TOWN'S alleged pro rata share of the cost of the DISTRICT'S Quincy Center Wastewater Collection System, pumping station, and force main sanitary sewer, all of which have been completed by

the DISTRICT prior to the date of this Agreement. Such payment, if any, shall be made by the TOWN to the DISTRICT as soon as feasible following the meeting in full of the three contingencies stated under "(I)", "(II)", and "(III)" of this subparagraph. The provisions of this subparagraph shall not be construed as an admission by either the TOWN or the DISTRICT of the correctness of the views of the other with respect to the validity of the DISTRICT'S claim in this subparagraph mentioned, it being understood that the TOWN and the DISTRICT hold diametrically opposite views with reference to the validity of such claim.

6. The parties hereto shall, upon request, provide the other with an annual audit approved by the West Virginia Public Service Commission and related information as may be required.

7. Any modification to the rates and charges set out herein as they relate to the TOWN shall be supported by a cost of service study, the cost of which the TOWN shall participate in up to a maximum of $5,000.00, and reviewed and approved by the DISTRICT. Any such study shall be initiated after a period of one (1) year from the date this Agreement becomes effective and the TOWN agrees to place in an escrow account its $5,000.00 share over a period of nine (9) months commencing with the institution of sewer service by the TOWN pursuant to this Agreement and which sum of money shall be used to pay for the TOWN'S portion of the cost of service study. The cost of service study shall also be reviewed and approved by the Public Service Commission of West Virginia. The TOWN agrees to deposit the sum of Five Thousand Dollars and No Cents ($5,000.00), in an escrow account, upon

approval and execution of this Agreement, which sum of money shall be used to pay for the cost of service study which shall be conducted, and any interest earned and accrued with regard to said account shall become the property of the TOWN. After competion of the cost of service study and the review and approval of said study by the Public Service Commission of West Virginia, if necessary, the parties hereto agree to pay the rates and charges established by the study, and to reimburse to either party the appropriate compensation which may be due as determined by the cost of service study and approved by the Public Service Commission of West Virginia. The parties hereto covenant and agree that in the event the cost of service study set forth in this paragraph reveals a rebate or reimbursement is due either party, which is in an amount that is less than two percent (2%) of the annual cost for treatment and disposal paid by the TOWN to the DISTRICT, then and in such event, the amount due shall be considered an incidental expenditure and the rebate or reimbursement set forth in this paragraph shall not be required to be paid. The cost of service study which determines the rebate or reimbursement amount, if any, shall be based upon the actual flow of wastewater received by the DISTRICT as indicated by the flow meter mentioned in Paragraph 3 of this Agreement and any such information shall be compared with the estimated flow used to determine the pro rata share of costs incurred by the DISTRICT in calculating the rate for the treatment and disposal fee. 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.

8. The parties hereto shall meet on an as needed basis at a specifically designated meeting called for such purpose at a mutually agreed upon time, to be held at the business office of the DISTRICT, to discuss business, rates, communications, complaints, suggestions, and any related matters, between the parties, with at least one meeting per fiscal year to be held not later than thirty (30) days after the parties herein have submitted their annual audit and report to the Public Service Commission of West Virginia.

9. The TOWN shall not exceed the limitation of wastewater per day into the DISTRICT'S wastewater treatment and collection system as set forth in Paragraph 1 of this Agreement.

10. 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.

11. The length and duration of this Agreement, subject to the provisions hereof, shall begin on the date as first written above, and shall continue from year to year for a term not to exceed forty (40) years, or until terminated by mutual agreement of the parties hereto.

12. For sewer services rendered by the DISTRICT to the TOWN under this Agreement, the TOWN shall, on a monthly basis, make payment to the DISTRICT on or before the 1st day of a calendar

month for all amounts billed by the TOWN for sewer services on the 1st day of the next immediately preceding calendar month. If payment is not received by the DISTRICT within the time and in the manner prescribed in the next preceding sentence, a penalty of 10% shall be added to the net amount thereof. The TOWN agrees that it will bill all its sewer customers on the first day of each calendar month for sewer services as based on the next immediately preceding water meter reading.

13. In the event the TOWN fails to perform any other term, obligation, or condition of this Agreement, the result of which is likely to cause irreparable harm or injury to the DISTRICT'S facilities or otherwise constitutes an emergency situation and the TOWN fails to correct such condition or default within fifteen (15) days, unless a shorter time is deemed necessary by the DISTRICT, after written notice by DISTRICT specifying such default, then the DISTRICT shall have the right to undertake such corrective action and the TOWN shall be responsible for all costs and expenses incurred by the DISTRICT or shall reimburse the DISTRICT for such costs and expenses. In the event the TOWN fails to make any payment due hereunder and remains in default for a period of ten (10) days after the due date, or in the event that the TOWN fails to perform any other term, obligation, or condition of this Agreement, and fails to correct such other default or to commence correction of such default if correction shall require more than twenty (20) days, the DISTRICT shall have the right to require specific performance by the TOWN or the right to seek damages against the TOWN through the institution of a civil action against the TOWN in a Court of competent

jurisdiction. If the parties named herein bring an action or proceeding to enforce the terms herein or declaring the rights hereunder, the prevailing party in any such action or proceeding shall be entitled to reasonable attorney's fees and costs to be paid by the losing party as determined by said Court of competent jurisdiction.

14. It is expressly agreed by the parties that any designation of the TOWN as set forth herein shall include the Sanitary Board of the Town of Cedar Grove in the event that such Board is created subsequent to the execution of this Agreement.

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 CEDAR GROVE, KANAWHA COUNTY, WEST VIRGINIA, a municipal corporation

Carolyn Bennett
Recorder

By: Roger A Carter
Its Mayor

ATTEST:

CHELYAN PUBLIC SERVICE DISTRICT, KANAWHA COUNTY, WEST VIRGINIA, a public utility

Jerry W Jarrell

By: Joyce McPaul
Its Chairman

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, P.F. Tucker, a Notary Public in and for said state and county, do hereby certify that Roger A. Cooke, Mayor of the Town of Cedar Grove, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 31st day of March, 1993.

My commission expires 1-23-2000.

P. F. Tucker
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
P. F. TUCKER
124 - 4th AVE.
GLASGOW, WV 25085
My Commission Expires January 23, 2000

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, To-Wit:

I, Phyllis A. Lynch, a Notary Public in and for said state and county, do hereby certify that Joyce McCourt, Chairman of the Chelyan Public Service District, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 5 day of April, 1993.

My commission expires September 13, 1993.

Phyllis A. Lynch
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS A. LYNCH
1510 Kanawha Boulevard East
Charleston, West Virginia 25311
My Commission Expires September 13, 1993

WDA-5
(May 1993)

LOAN AGREEMENT

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

CHELYAN PUBLIC SERVICE DISTRICT - Series 1994A
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

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

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

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

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

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

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Chelyan Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: Joyce McPhail
Its: Chairman

Attest: Jerry W Jessie
Its: Secretary

Date: April 22, 1994

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankoski
Director

Attest: Barbara B Meadows
Secretary-Treasurer

Date: April 22, 1994

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 1,023,500

Purchase Price of Local Bonds $ 1,023,500

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

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

Farmers Home Administration-Sewerage System Revenue Bonds Series 1979, issued September 13, 1979, in the amount of $822,100.

Water Development Authority-Sewerage System Revenue Bonds Series 1994B, issued April 22, 1994, in the amount of $175,276.

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1993 B-II Pool
Debt Service Schedule - Chelyan Public Service District

Avg Coup = 6.75%
TIC = 6.754596%
NIC = 6.749999%

WAM = 27.94 yrs.

Closing April 22, 1994
Interest Bearing Loan: $1,023,500.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	30,513.08	30,513.08
10/1/95	6.75%	5,867.40	69,086.23	74,953.63
10/1/96	6.75%	6,263.45	68,690.18	74,953.63
10/1/97	6.75%	6,686.23	68,267.40	74,953.63
10/1/98	6.75%	7,137.55	67,816.08	74,953.63
10/1/99	6.75%	7,619.33	67,334.30	74,953.63
10/1/00	6.75%	8,133.63	66,820.00	74,953.63
10/1/01	6.75%	8,682.66	66,270.98	74,953.64
10/1/02	6.75%	9,268.73	65,684.90	74,953.63
10/1/03	6.75%	9,894.37	65,059.26	74,953.63
10/1/04	6.75%	10,562.24	64,391.39	74,953.63
10/1/05	6.75%	11,275.20	63,678.44	74,953.64
10/1/06	6.75%	12,036.28	62,917.36	74,953.64
10/1/07	6.75%	12,848.73	62,104.91	74,953.64
10/1/08	6.75%	13,716.01	61,237.62	74,953.63
10/1/09	6.75%	14,641.84	60,311.79	74,953.63
10/1/10	6.75%	15,630.17	59,323.47	74,953.64
10/1/11	6.75%	16,685.20	58,268.43	74,953.63
10/1/12	6.75%	17,811.45	57,142.18	74,953.63
10/1/13	6.75%	19,013.73	55,939.91	74,953.64
10/1/14	6.75%	20,297.16	54,656.48	74,953.64
10/1/15	6.75%	21,667.22	53,286.42	74,953.64
10/1/16	6.75%	23,129.76	51,823.88	74,953.64
10/1/17	6.75%	24,691.01	50,262.62	74,953.63
10/1/18	6.75%	26,357.65	48,595.98	74,953.63
10/1/19	6.75%	28,136.79	46,816.84	74,953.63
10/1/20	6.75%	30,036.02	44,917.61	74,953.63
10/1/21	6.75%	32,063.45	42,890.18	74,953.63
10/1/22	6.75%	34,227.73	40,725.90	74,953.63
10/1/23	6.75%	36,538.10	38,415.53	74,953.63
10/1/24	6.75%	39,004.43	35,949.21	74,953.64
10/1/25	6.75%	41,637.22	33,316.41	74,953.63
10/1/26	6.75%	44,447.73	30,505.90	74,953.63
10/1/27	6.75%	47,447.96	27,505.68	74,953.64
10/1/28	6.75%	50,650.69	24,302.94	74,953.63
10/1/29	6.75%	54,069.62	20,884.02	74,953.64
10/1/30	6.75%	57,719.31	17,234.32	74,953.63
10/1/31	6.75%	61,615.37	13,338.27	74,953.64
10/1/32	6.75%	65,774.40	9,179.23	74,953.63
10/1/33	6.75%	70,214.18	4,739.46	74,953.64
		1,023,500.00	1,930,204.79	2,953,704.79

Prepared 4/6/94

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

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

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

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

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

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

WDA-5
(May 1993)

LOAN AGREEMENT

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

CHELYAN PUBLIC SERVICE DISTRICT - Series 1994B
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

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

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

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

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

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

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Chelyan Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: Joyce McCloud
Its: Chairman

Attest: John W Jones
Its: Secretary

Date: April 22, 1994

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankosky
Director

Attest: Barbara B Meadows
Secretary-Treasurer

Date: April 22, 1994

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 175,276

Purchase Price of Local Bonds $ 175,276

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

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

Farmers Home Administration - Sewerage System Revenue Bonds Series 1979, issued September 13, 1979, in the amount of $822,100.

Water Development Authority - Sewerage System Revenue Bonds Series 1994A, issued April 22, 1994, in the amount of $1,023,500.

West Virginia Water Development Authority
Interest Bearing Local Loan from Bridge Financing Program
Debt Service Schedule - Chelyan Public Service District

Avg Coup = 6.75%
TIC = 6.754579%
NIC = 6.749986%

WAM = 27.94 yrs.

Closing April 22, 1994
Interest Bearing Loan: $175,276.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	5,225.40	5,225.40
10/1/95	6.75%	1,004.81	11,831.09	12,835.90
10/1/96	6.75%	1,072.63	11,763.27	12,835.90
10/1/97	6.75%	1,145.04	11,690.87	12,835.91
10/1/98	6.75%	1,222.33	11,613.58	12,835.91
10/1/99	6.75%	1,304.84	11,531.07	12,835.91
10/1/00	6.75%	1,392.91	11,442.99	12,835.90
10/1/01	6.75%	1,486.94	11,348.97	12,835.91
10/1/02	6.75%	1,587.30	11,248.60	12,835.90
10/1/03	6.75%	1,694.44	11,141.46	12,835.90
10/1/04	6.75%	1,808.81	11,027.09	12,835.90
10/1/05	6.75%	1,930.91	10,905.00	12,835.91
10/1/06	6.75%	2,061.24	10,774.66	12,835.90
10/1/07	6.75%	2,200.37	10,635.53	12,835.90
10/1/08	6.75%	2,348.90	10,487.01	12,835.91
10/1/09	6.75%	2,507.44	10,328.46	12,835.90
10/1/10	6.75%	2,676.70	10,159.21	12,835.91
10/1/11	6.75%	2,857.37	9,978.53	12,835.90
10/1/12	6.75%	3,050.24	9,785.66	12,835.90
10/1/13	6.75%	3,256.14	9,579.77	12,835.91
10/1/14	6.75%	3,475.92	9,359.98	12,835.90
10/1/15	6.75%	3,710.54	9,125.36	12,835.90
10/1/16	6.75%	3,961.01	8,874.90	12,835.91
10/1/17	6.75%	4,228.37	8,607.53	12,835.90
10/1/18	6.75%	4,513.79	8,322.12	12,835.91
10/1/19	6.75%	4,818.47	8,017.44	12,835.91
10/1/20	6.75%	5,143.71	7,692.19	12,835.90
10/1/21	6.75%	5,490.92	7,344.99	12,835.91
10/1/22	6.75%	5,861.55	6,974.35	12,835.90
10/1/23	6.75%	6,257.20	6,578.70	12,835.90
10/1/24	6.75%	6,679.57	6,156.34	12,835.91
10/1/25	6.75%	7,130.43	5,705.47	12,835.90
10/1/26	6.75%	7,611.73	5,224.17	12,835.90
10/1/27	6.75%	8,125.52	4,710.38	12,835.90
10/1/28	6.75%	8,673.99	4,161.91	12,835.90
10/1/29	6.75%	9,259.49	3,576.42	12,835.91
10/1/30	6.75%	9,884.50	2,951.40	12,835.90
10/1/31	6.75%	10,551.71	2,284.20	12,835.91
10/1/32	6.75%	11,263.95	1,571.96	12,835.91
10/1/33	6.75%	12,024.27	811.64	12,835.91
		175,276.00	330,549.67	505,825.67

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

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

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

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

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

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

MINUTES OF THE

REGULAR MONTHLY MEETING OF THE

CHELYAN PUBLIC SERVICE DISTRICT

HELD THURSDAY, JANUARY 6, 1994

T. DANCE:

OMMISSIONERS: Joyce McPhail, Chairperson
Jerry W. Jessie, Secretary
Roy L. Hanshaw, Treasurer

ECRETARY: Joann Rhoades, Chelyan PSD

MPLOYEE: Carl King, Operator In Charge

UEST: Wyatt Hanna, Hanna & Hanna, Attorneys
Ashok Sanghavi, S & S Engineers, Inc.

he Regular Monthly Meeting was called to order by Chairperson McPhail at 5:00 p.m., in the istrict Office of the Treatment Facility, Rt. 61, Chelyan, WV.

OTIONS PROPERLY PRESENTED, SECONDED AND PASSED:

Ir. Hanshaw moved to approve Commissioners retain their same positions as follows:

Joyce McPhail-------Chairperson
Jerry W. Jessie-----Secretary
Roy L. Hanshaw------Treasurer

Ir. Jessie presented the second and the motion carried.

Ir. Jessie moved to approve the minutes of the Regular Monthly Meeting held December 2, 1993 as ead by the Commissioners. Mr. Hanshaw presented the second and the motion carried.

Ir. Jessie moved to approve the list of expenditures for the month of December, 1993 in the amount of $21,921.06. Mr. Hanshaw presented the second and the motion carried.

JNFINISHED BUSINESS:

Ir. Hanshaw moved to approve Employee George E. Epperley is now a full-time employee with the Chelyan PSD with all benefits. Mr. Jessie presented the second and the motion carried.

Ir. Jessie moved to approve Employee George E. Epperley be given a pay raise from $6.00 per hour to $6.75 per hour effective January 1, 1994. Mr. Hanshaw presented the second and the motion carried.

NEW BUSINESS AND CORRESPONDENCE:

Mr. Hanshaw moved to approve paying Invoice #2876 for the month of December, 1993 to S & S Engineers in the amount of $5,425.50 for the Phase II Sewer Project. To be paid when funds are available. Mr. Jessie presented the second and the motion carried.

Mr. Hanshaw moved to approve paying Invoice #2867 to S & S Engineers in the amount of $499.00 for preparation of final report and submission of final report to WVDEP and Chelyan PSD for the Underground Storage Tank Removal. Mr. Jessie presented the second and the motion carried.

Mr. Hanshaw moved to approve paying Invoice #2868 for the month of November, 1993 to S & S Engineers in the amount of $6,188.30 for the Phase II Sewer Project. To be paid when funds are available. Mr. Jessie presented the second and the motion carried.

Mr. Hanshaw moved to approve paying Invoice Dated January 6, 1994 for the months of November and December, 1993 in the amount of $810.00 to Hanna & Hanna, Attorneys for the Phase II Sewer Project. To be paid when funds are available. Mr. Jessie presented the second and the motion carried.

Mr. Hanshaw moved to approve authorizing S & S Engineers do the stake-out during the sewer expansion for Rover Construction subject to approval by DEP. Mr. Jessie presented the second and the motion carried.

M Jessie moved to approve if a State of Emergency is called by the Governor of this State, whether its rain, snow or whatever type of inclement weather, the employees will be paid for that day. In lieu of losing pay for that day, they feel they can't make it, there is no emergency, they must take a vacation day or be docked. Mr. Hanshaw presented the second and the motion carried.

MINUTES OF THE

REGULAR MONTHLY MEETING OF THE

CHELYAN PUBLIC SERVICE DISTRICT

HELD THURSDAY, JANUARY 6, 1994

PAGE TWO

Mr. Hanshaw moved to approve paying employees George Epperley and Carl King for Tuesday, January 4, 1994 due to the snow storm. Mr. Jessie presented the second and the motion carried.

Letter was read from Wyatt Hanna, Attorney to Nick Boyas of Century Surety Company with regard to Hemlock Pipeline bid bond for Contracts 3 and 4 of the District's proposed sewer project. I have researched the matter involving any requirement that Century Surety extend the tendered bid bonds beyond the original ninety (90) day period specified in the bidding documents, which time expired on November 27, 1993, and I do not believe there is any obligation on behalf of Century to extend the same. Further, if no award has been made within 90 days after the date of the opening of bids, upon demand of the bidder at any time thereafter so long as he/she has not been notified of the acceptance of his/her bid, the bid security may be returned.

Letter was read from Wyatt Hanna, Attorney concerning a copy of a recommended decision of Melissa Marland of the PSC, with regard to the Case No. 91-1061-PSD-CN (Reopened) Chelyan PSD Application for a certificate of convenience and necessity to upgrade the wastewater treatment plant and facilities and to extend the collection lines to the Witcher Creek, Diamond, Carroll's Branch, and Shrewsbury areas, and for approval of financing and rates and charges incidental thereto.

Letter was read from Daniel J. Needham of Century Surety concerning Hemlock Pipeline, Contracts 3 and 4. Please accept this correspondence as formal notice that bid bond numbers C-303285 and C-303286 shall not be extended beyond the November 27, 1993 bid expiration date. Whereas said bonds are void, it is hereby requested that they be immediately returned to Century Surety.

Letter was read from Wyatt Hanna, Attorney to President William Reese of the Kanawha County Commission concerning request a letter of intent for additional funding in the amount of $125,000. for the Chelyan PSD Sewer Project.

Letter was read from S & S Engineers to Wayne Wilson, Inspector, Office of Waste Management UST Program. Enclosed please find a closure report for three (3) Underground Storage Tanks along with necessary documentation for your review and approval.

Letter was read from the Kanawha County Commission concerning the Coal Severance of $62,500.00 for the proposed Chelyan PSD sewer expansion project. Letter of Intent - Fiscal Year 1993-94.

Letter was read from Wyatt Hanna, Attorney to Howard Cunningham of the PSC concerning filing, the original and two (2) copies of the operating Agreement between Chelyan PSD and the Town of East Bank.

Letter was read from S & S Engineers to Famco, Inc. and Rover Construction concerning two (2) original Notice of Award for Contract 2 and Contract 5. Please sign both and return one original to us.

Letter was read from Rosalie Brodersen of DEP concerning response to your letter of December 14, 1993 requesting approval of awarding Contract 3 to the next low bidder.

Letter was read from Chelyan PSD to Mike Johnson of DEP concerning Contracts 3 and 4. Hemlock Pipeline has decided not to extend the bids and bid bonds for Contract 3 and 4 Chelyan PSD had sought the extension of bid holding time from all the contractors pending the Farmers Home approval of parity bonds. We hereby request that WVDEP/USEPA allow us to award Contract 3 to next low bidder, Rover Construction in the amount of $774,270. It is further requested that Contract 4 be allowed to re-bid as there was no other bids received.

Letter was read from Mike Johnson of DEP concerning authorizing to begin advertising for bids for Contract 4, and the bidding procedure for Contract 3 has been reviewed and approved.

Letter was read from S & S Engineers to Charleston Newspapers concerning publishing a Class II legal advertisement for January 5, 12 and 19, 1994. Contract 4 - Witcher Creek.

MINUTES OF THE

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CHELYAN PUBLIC SERVICE DISTRICT

HELD THURSDAY, JANUARY 6, 1994

Letter was read from Rover Construction to S & S Engineers concerning a signed copy of the Notice of Award for Contract 3 and 5. It is my understanding that Contract 4 will be re-bid on January 24, 1994. If you would like to wait and set up contract signings for all contracts after receiving the bid for Contract 4, it is perfectly all right with us.

Letter was read from Ronnie Spradling of Rover Construction to S & S Engineers concerning ten (10) copies of certified letters sent requesting quotations in accordance with EPA Region III DBE Program. These letters were sent to companies requesting quotations for furnishing and/or installing any materials and/or services for these projects contracts 2,3,4 & 5.

GENERAL DISCUSSION:

Mr. Sanghavi of S & S Engineers was present, he said contract 3 (Diamond) and 5 (Shrewsbury) awarded to Rover Construction and here are the originals signed by your Chairperson and Rover Construction. You want to keep these in a safe place.

Contract 4 I have brought you a set of plans for anyone to see. The bid opening will be on January 25, 1994 at 3:00 here at your office. Pre-bid January 14, 1994 at 9:00 here. This contract will be in the papers three (3) weeks in a row.

I talked with the Department of Highways (Gary Lanham) concerning the Orchard Ave. pump station, they will let us move it from Mrs. Kings property to DOH property.

My contract with Chelyan PSD was signed in 1988, there may be an increase, DEP will pay 55% and Chelyan PSD 45%.

Rover Construction has asked us to do the stake-out for them on this project, what that is, it is a center line location for the manholes. I have asked Attorney Wyatt Hanna if this might be a conflict, he advised me to let the Board decide. Mr. Sanghavi said he would be working for Rover Construction not Chelyan PSD.

Attorney Wyatt Hanna was present, he said once we get this additional contract 4 bid received, we will have to go back to the PSC to request authorization for the additional costs. I'm sure with the extra $100,000. contract 3 and depending what the bids are on contract 4 it will probably exceed our authorization from the PSC.

Mr. Hanna said he didn't think there would be a problem with a rate change, it should stay the same. He said we will probably have to have two (2) bond closings and that will cost a little more.

Mr. Hanna mentioned to the Board concerning putting a pump station on DOH property, some day they may need the property for some reason, it may be the district's expense to move it. The Board said we will take that gamble and hopefully DOH will not need the property.

Chairperson McPhail said she talked with Todd Dingess of Smith, Cochran & Hicks that Chuck Smith has talked with the officials at the Montgomery Bank and there is no problem getting a line of credit, and by next week it should be ready.

Commissioner Hanshaw asked Attorney Wyatt Hanna if he had any word from Mr. Gibbs,(former Manager) he threaten to take us to court at our last meeting if we didn't hire him back, he said he was laid off due to short of funds. Mr. Hanna said you are not obligated to hire Mr. Gibbs back.

Commissioner Hanshaw asked Mr. Sanghavi if his firm would be on the job during construction? Mr. Sanghavi said his firm will keep with the contractors once the project gets started, this part is included in my costs. Mr. Sanghavi said the only thing, if we need to make a decision about something,we need someone to make that decision for us. You have one (1) year guarantee from the contractors after the job is done. Commissioner Hanshaw said he would be available and Commissioner Jessie said he might be available and have plenty of time about April 30th.

Other matters, Employee Carl King mentioned that Mrs. Agnes Martin's house has been taken care of since we were there from doing the smoke test. She said she had to plumb the entire house.

MINUTES OF THE
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HELD THURSDAY, JANUARY 6, 1994

The Board talked about setting the main gate inside the property for safety reasons. They told Employee Carl King to go ahead and get the material and set the gate in about 10'.

Mr. Jessie moved to adjourn the meeting at 6:45 p.m. Mr. Hanshaw presented the second and it was so ordered.

APPROVED: Jerry W Jessie

DATE: February 3, 1994

$1,023,500 CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A

$175,276 CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B

BOND RESOLUTION

$1,023,500 CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B

$175,276 CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B

BOND RESOLUTION

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CHELYAN PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CHELYAN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,023,500 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A AND $175,276 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF CHELYAN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"ARC Grant" means the grant from the Appalachian Regional Commission.

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

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly

constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

"Bondholders" "Holder of the Bonds," "Holder," "Registered Owner," "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 Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

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

"Bonds" means the Series 1994 A Bonds and Series 1994 B Bonds originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"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.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in the Bond Forms contained herein.

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

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

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"CDB Grant" means the grant from the Community Development Block Grant from the Department of Housing and Urban Development.

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

"Construction Trust Fund Depository Bank" means Bank One, West Virginia, Charleston, National Association.

"Consulting Engineers" means S & S Engineers, Inc., Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System and which engineer or engineering firm shall meet the Program requirements.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03G hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 1994 A Bonds, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means Huntington National Bank, West Virginia, a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined and any successor thereto.

"EPA Grant" means the grant from the United States Environmental Protection Agency.

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

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1994 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1994 A Bonds, plus

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

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

"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 is now or may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the united States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

"Grant Receipts" means all moneys received by the Issuer on account of any Grant to pay Costs of the Project; provided that "CDB Grant Receipts" means only the Grant Receipts on account of the CDB Grant, "ARC Receipts" means only the ARC Grant Receipts on account of any or all of the ARC Grant, and "EPA Receipts" means only the EPA Grant Receipts on account of any or all of the EPA Grant.

"Grants" means, collectively, the CDB Grant, the EPA, the ARC Grant and the Other Grants.

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1994 A and/or Series 1994 B Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1994 A and/or Series 1994 B Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1994 A and/or Series 1994 B Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Series 1994 A and/or Series 1994 B Bonds ratably as original proceeds of the Series 1994 A and/or Series 1994 B Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Series 1994 A Bonds and/or Series 1994 B Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Series 1994 A Bonds and/or Series 1994 B Bonds and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1994 A Bonds and/or Series 1994 B Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1994 A Bonds and/or Series 1994 B Bonds; and

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

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

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

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

"Issuer" means the Chelyan Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means, the Loan Agreements to be entered into between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the Series 1994 A Bonds and Series 1994 B Bonds.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Series 1994 A and Series 1994 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 A Bonds and Series 1994 B Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs of Project, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, other than those capitalized as part of the Costs of Project, 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.

"Other Grants" means the grants from The County Commission of Kanawha County, The Town of Cedar Grove and Quincy Center and any other grants reviewed for the Project.

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

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

"Paying Agent" means the Commission.

"Prior Bond" means the Issuer's Sewerage System Revenue Bond, Series 1979 issued in the original aggregate amount of $822,100.

"Prior Resolution" means resolution of the Issuer authorizing the Prior Bond adopted on December 12, 1978.

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

"Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds issued by the Authority or any successor to said program as currently constituted.

"Project" means the acquisition and construction of the sewerage system distribution facility by the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the Recommended Decision of the PSC in Case No. 91-1061-PSD-CN which was entered and became the Final Order on January 26, 1993, as supplemented and amended.

"Purchase Price," for the purpose of computation of the Yield of the Series 1994 A Bonds and Series 1994 B Bonds, has the same meaning as the term "Issue Price" in Sections 1273(b) and 1274 of the Code and, in general, means the initial offering price of the Series 1994 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1994 A Bonds of each maturity is sold or, if the Series 1994 A Bonds are privately placed, the price paid by the first buyer of the Series 1994 A Bonds or the acquisition costs of the first buyer. Purchase Price for purposes of computing Yield of Nonpurpose Investments means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1994 A Bonds for acquisition thereof or, if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1994 A Bonds.

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

(a) Government Obligations;

(b) 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; the Governmental National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(c) Any bond, debenture, note, participation certificate or other similar obligation 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;

(d) 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) 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 paid repurchase agreements, and provided further that the owner 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;

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

(h) Advance-Refunded Municipal Bonds.

"Rebate Fund" means the fund created pursuant to Section 8.02 hereof.

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

"Resolution" means this resolution, as from time to time amended or supplemented.

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

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

"Series 1994 A Bonds" means the not more than $1,023,500 in aggregate principal amount of Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A, of the Issuer originally authorized hereby.

"Series 1994 B Bonds" means the not more than $175,276 in aggregate principal amount of Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B, of the Issuer originally authorized hereby.

"Series 1994 A Bonds Reserve Account" means the Series 1994 A Bonds Reserve Account established in the Series 1994 A Bonds Sinking Fund pursuant to Section 5.02(1)(a).

"Series 1994 B Bonds Reserve Account" means the Series 1994 B Bonds Reserve Account established in the Series 1994 B Bonds Sinking Fund pursuant to Section 5.02(2)(a).

"Series 1994 A Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest with will become due on the Series 1994 A Bonds in the then current or any succeeding year.

"Series 1994 B Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest

with will become due on the Series 1994 B Bonds in the then current or any succeeding year.

"Series 1994 A Bonds Sinking Fund" means Series 1994 A Bonds Sinking Fund established by Section 5.02(1).

"Series 1994 B Bonds Sinking Fund" means Series 1994 B Bonds Sinking Fund established by Section 5.02(2).

"State" means the State of West Virginia.

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

"System" means the complete sewerage system of the Issuer, and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1994 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Kanawha County, West Virginia.

B. The Issuer presently owns and operates a public sewerage system.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions and improvements to the System of the Issuer, consisting of the Project under the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The Issuer anticipates entering into a sewer provider agreement with the Towns of Cedar Grove and East Bank, subject to PSC approval.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bond, the Series 1994 A Bonds, the Series 1994 B Bonds and all sinking funds, reserve accounts and other payments provided for herein, in the Prior Resolution and in the PSC Order.

E. The estimated maximum cost of the construction and acquisition of the Project is $5,391,851, of which approximately $1,198,776 will be permanently obtained from the Bonds herein authorized and approximately $2,804,775, $362,300, $175,000 and $851,000 will be obtained from the EPA Grant, ARC Grant, CDB Grant and the Other Grants, respectively. The Issuer may obtain such other grants and contributions or from other sources as may be necessary to pay Cost of Project.

F. There are currently outstanding obligations of the Issuer which will rank on parity with the Series 1994 A Bonds and Series 1994 B Bonds as to lien, pledge, source and security for payment, being the Issuer's Sewerage System Revenue Bond, Series 1979 (the "Prior Bond") issued in the original aggregate principal amount of $822,100.

The Issuer has met the parity test requirement set forth in the Prior Bond and the Prior Resolution authorizing the Prior Bond and has received the written consent of Farmers Home Administration as owner of the Prior Bond for the issuance of the Bonds.

G. It is deemed necessary for the Issuer to issue its revenue bonds, being the Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A and Series 1994 B Bonds in the aggregate principal amount of not more than $1,198,776 to permanently finance the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues and for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, commitment fees, fees of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

I. It is in the best interests of the Issuer that the Series 1994 A Bonds and Series 1994 B Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

J. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1994 A Bonds and Series 1994 B Bonds, or will have so complied prior to issuance of any Series 1994 A Bonds and Series 1994 B Bonds, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which expired or the rights of all parties to appeal have been waived.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of any and all of such Bonds of like series.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body. The proceeds of the Series 1994 A Bonds and Series 1994 B Bonds hereby authorize and shall be applied as provided in Article VI hereof.

The District has received bids or entered into contracts for the acquisition and construction of the Project.

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 paying the costs of the Project, funding a reserve account for the Series 1994 A Bonds and Series 1994 B Bonds, capitalizing interest on the Series 1994 A Bonds and Series 1994 B Bonds, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer. Said Bonds shall be issued in two series, to be designated respectively "Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A," in the aggregate principal amount of not more than $1,023,500 and "Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B," in the aggregate principal amount of not more than $125,276, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by this Resolution, the Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in this Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Additional Terms of Series 1994 A Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof and in anticipation of the sale of the Series 1994 A Bonds to the Authority, the Issuer covenants that the Series 1994 A Bonds shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority authorizing the issuance of Series 1994 A Bonds pursuant to the Program.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Registered Owner in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

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

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

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

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing proof of its ownership thereof and 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 3.08. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No Holder or Holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1994 A Bonds and Series 1994 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the holders of the Prior Bond. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1994 A Bonds, Series 1994 B Bonds and the Prior Bond and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established and established in the Prior Resolution, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bond and the Series 1994 A Bonds and Series 1994 B Bonds as the same become due.

Section 3.10. Form of Bonds. The text of the Series 1994 A Bonds and Series 1994 B Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Bonds]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 A [SERIES 1994 B]

No. AR-1 [2] $1,023,500
[$175,276]

KNOW ALL MEN BY THESE PRESENTS: That CHELYAN 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 $1,023,500 [$175,276] in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1994. 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 Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated April 22, 1994.

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $1,023,500 [$175,276] (i) to pay a portion of the costs of acquisition and construction

of certain improvements and extensions to the existing sewerage system of the Issuer (the "Project"); (ii) to pay interest on the Bonds during the construction of the Project and for approximately six months thereafter; [(iii) to fund a reserve account for the Bonds;] and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on April 18, 1994, and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1979, ISSUED SEPTEMBER 13, 1979 (THE "PRIOR BOND"), AND ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $822,100 [AND THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 [A/B] ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,023,500/$175,276].

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien of the Prior Bond and the Series 1994 [B] Bonds, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1994 [A/B] Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 [A/B] Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 required in any year for debt service on the Series 1994 [A/B] Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the Series 1994 [A/B] Bonds, provided however, that so long as the Series 1994 A Bonds Reserve Account is funded at an amount at least

equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, and the reserve account for any other obligations outstanding prior to or on a parity with the Series 1994 [A/B] Bonds, including the Prior Bond and the [A/B], is funded at 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 Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, 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, shall be applied solely to the costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

All provisions of the Resolution, 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, CHELYAN 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 April __, 1994.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 [A/B] Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: April __, 1994

BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority. The Series 1994 A Bonds and the Series 1994 B 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 and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

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

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Construction Trust Fund (to be held by the Construction Trust Fund Depository Bank); and

(4) Rebate Fund.

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

(1) Series 1994 A Bonds Sinking Fund;

(a) Within the Series 1994 A Bonds Sinking Fund, the Series 1994 A Bonds Reserve Account.

(2) Series 1994 B Bonds Sinking Fund;

(a) Within the Series 1994 B Bonds Sinking Fund, the Series 1994 B Bonds Reserve Account.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month and simultaneously with the transfers required by Section 3.02(B)(2) of the Prior Resolution, apportion

and set apart out of the Revenue Fund and remit to the Commission, without distinction or priority between the three payments, (i) commencing 7 months prior to the first date of payment of interest on the Series 1994 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1994 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1994 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1994 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date; and (ii) commencing 7 months prior to the first date of payment of interest on the Series 1994 B Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1994 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1994 B Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1994 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month and without distinction or priority between the payments, (i) commencing 13 months prior to the first date of payment of principal on the Series 1994 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1994 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 13 months prior to the first date of payment of principal on the Series 1994 B Bonds,

apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1994 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next and simultaneously with the transfer required by Section 3.02(B)(3) of the Prior Resolution, on the first day of each month and without distinction of priority between the two payments, (i) commencing 13 months prior to the first date of payment of principal of the Series 1994 A Bonds, if not fully funded upon issuance of the Series 1994 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1994 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 1994 A Bonds Reserve Requirement; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1994 B Bonds, if not fully funded upon issuance of the Series 1994 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1994 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1994 B Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project and simultaneously with the transfer required by Section 3.02(B)(4) of the Prior Resolution, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart

from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4), shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1994 A Bonds and Series 1994 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1994 A Bonds Reserve Account and the Series 1994 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1994 A Bonds Sinking Fund and Reserve Account and Series 1994 B Bonds Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited for use in the Earnings Fund as required by Section 8.03.

Any withdrawals from the Series 1994 A Bonds Reserve Account which result in a reduction in the balance of the Series 1994 A Bonds Reserve Account to below the Reserve Requirement therefor shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1994 A Bonds Sinking Fund and the Series 1994 A Bonds Reserve Account, including deficiencies for prior payments, have been made in full.

Any withdrawals from the Series 1994 B Bonds Reserve Account which result in a reduction in the balance of the Series 1994 B Bonds Reserve Account to below the Reserve Requirement therefor shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account, including deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the Series 1994 A Bonds and Series 1994 B Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Series 1994 A Bonds and Series 1994 B Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

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

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

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

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

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the Commission, the Registrar, the Paying

Agent, or the Depository Bank as the case may be, shall require, such additional sums as shall be necessary to pay the charges and the fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts have not, as of such date, funded such account to the requirement therefor.

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

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

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

ARTICLE VI

APPLICATION OF BONDS PROCEEDS

Section 6.01. Application of Bonds Proceeds; Pledge of Unexpended Bonds Proceeds. (1) From the moneys received from the sale of the Series 1994 A Bonds, the following amounts shall be deposited as set forth below:

A. From the proceeds of the Series 1994 A Bonds, there shall be deposited in the Series 1994 A Bonds Sinking Fund, the sum, if any, set forth in the Supplemental Resolution; provided that such amount shall not exceed the amount necessary to pay interest for the construction period, plus six months.

B. From the proceeds of the Series 1994 A Bonds, there shall be deposited with the Commission in the Series 1994 A Bonds Reserve Account the sum, if any, set forth in this Resolution for funding of the Series 1994 A Bonds Reserve Account.

C. The remaining moneys derived from the sale of the Series 1994 A Bonds shall be deposited with the Construction Trust Fund Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

(2) From the moneys received from the sale of the Series 1994 B Bonds, the following amounts shall be deposited as set forth below:

A. From the proceeds of the Series 1994 B Bonds, there shall be deposited in the Series 1994 B Bonds Sinking Fund, the sum, if any, set forth in the Supplemental Resolution; provided that such amount shall not exceed the amount necessary to pay interest for the construction period, plus six months.

B. From the proceeds of the Series 1994 B Bonds, there shall be deposited with the Commission in the Series 1994 B Bonds Reserve Account the sum, if any, set forth in this Resolution for funding of the Series 1994 B Bonds Reserve Account.

C. The remaining moneys derived from the sale of the Series 1994 B Bonds shall be deposited with the Construction Trust Fund Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

The Construction Trust Fund Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth

in this Resolution. Moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and, until so expended, are hereby pledged as additional security for the respective series of Bonds. For purposes of this provision only, the moneys on hand in the Construction Trust Fund shall be treated as being disbursed on a proportionate basis.

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

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

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Construction Trust Fund Depository Bank shall transfer, pro rata, any moneys remaining in the Construction

Trust Fund to the Series 1994 A Bonds Reserve Account and to the Series 1994 B Bonds Reserve Account, and when all Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution 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 Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds, not to be Indebtedness of the Issuer. The 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 Resolution. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position. The payment of the debt service of the Series 1994 A Bonds and Series 1994 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on parity with the lien on said Net Revenues in favor of the holders of the Prior Bond. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bond and the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in this Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The schedule of rates and charges for the services and facilities of the System shall be as set forth, described in and ordered by the PSC Order, which schedule of rates is attached as Exhibit B hereto and incorporated herein by reference and is hereby adopted and approved as the rates of the Issuer, which rates will become effective as provided in the PSC Order.

The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed

payments into the funds and accounts 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.

Section 7.05. Sale of the System. Except as otherwise required by law and as long as the Prior Bond is outstanding, 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 or redeem at or prior to maturity all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof and to pay the Prior Bond in full. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1994 A Bonds and Series 1994 B Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Series 1994 A Bonds and Series 1994 B Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

$10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. 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 or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds (66 2/3%) in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after

the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided and in the Prior Resolution so long as the Prior Bond is outstanding.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1994 A Bonds and Series 1994 B Bonds.

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

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

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

(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 three 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 any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public

Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1994 A Bonds and Series 1994 B Bonds and the Holders of any Parity Bonds 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 respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1994 A Bonds and Series 1994 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued pursuant to a Supplemental Resolution solely for the purpose of

completing the Project as described in the application to the Authority and in accordance with the plans and specifications of the Consulting Engineer, in the event that the Series 1994 A Bonds and Series 1994 B Bonds should be insufficient, together with other funds lawfully available therefore, to pay all costs of construction and acquisition of the project without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds and provided further that prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority. The holders of the Prior Bond must consent to the issuance of such Parity Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution 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 by the Uniform System of accounts promulgated by the PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system, which may be installed remote from the direct supervision of the Governing Body, shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues, Excess 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 Resolution with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding and secured by a lien on the Net Revenues of the System.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System, including any reserves required by the PSC Order or any supplement or amendment thereto and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bond; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and reserve accounts for obligations prior to or on a parity with the Bonds, including the Prior Bond, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all

other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

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

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

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

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 PSC, 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 PSC, 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 until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue and the issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Bonds. 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 interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by

the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

Section 7.15. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of 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 sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion 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 sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion, Operation and Maintenance. The Issuer will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient

and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Resolution.

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

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. 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 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 in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1994 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

E. TWO YEAR CONSTRUCTION ELECTION. The Issuer will expend the gross proceeds of the Bonds for the Project no later than the day which is two years after the date of issuance of the Bonds. The Issuer will expend the net proceeds (including, without limitation, investment proceeds earned before the close of the period involved on the investment of the proceeds of the Bonds) of the Bonds for the Project within the following periods beginning on the date of issuance of the Bonds.

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years). At least 75% of the net proceeds of the Bonds are to be used for construction expenditures with respect to property owned by the Issuer, and the Project will be owned by the Issuer.

F. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax exempt status of the Bonds, including without limitation the information return required under Section 149(e) of the Code.

G. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Registered Owners of Bonds which lien is on a parity with the lien of the Prior Bond.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, 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 direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records relating thereto so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of intent on the Bonds from gross income for Federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 1994 A Bonds and Series 1994 B Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the

time of issuance of the Series 1994 A Bonds so that the Series 1994 A Bonds will not constitute "arbitrage bonds" under 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 Series 1994 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. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the Series 1994 A Bonds and Series 1994 B Bonds, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to the Construction Trust Fund until completion of the Project, and thereafter to the Revenue Fund.

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

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Series 1994 A Bonds, the Issuer shall calculate, and shall provide

written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

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

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

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Series 1994 A Bonds and Series 1994 B Bonds shall be determined based on the actual Yield of the Series 1994 A Bonds and Series 1994 B Bonds and during the period between the Closing Date for the Series 1994 A Bonds and Series 1994 B Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Series 1994 A Bonds and Series 1994 B Bonds, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper

matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Series 1994 A Bonds and Series 1994 B Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be 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 by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

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

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of six years following the retirement of the Series 1994 A Bonds and Series 1994 B Bonds, records of the determinations made pursuant to this Section 8.03.

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

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

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

J. AMENDMENTS TO THIS SECTION. Notwithstanding any of the provisions herein to the contrary, the Issuer agrees to amend the provisions of this Section from time to time at the direction of the Authority in order to insure continuing compliance with Section 8.02 hereof.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners shall be subject to those of the Registered Owners of the Prior Bond.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, 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 the Bonds any Registered Owner of

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

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution 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 Resolution 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, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

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

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds (66-2/3%) percent or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution 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 excludability of interest on the Bonds from the gross income of the Holders thereof.

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

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions and 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 the Resolution and the Prior Resolution, the

Prior Resolution shall control (unless less restrictive), so long as the Prior Bond is outstanding.

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

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

Adopted this 18th day of April, 1994.

CHELYAN PUBLIC SERVICE DISTRICT

Chairman, Public Service District

Member, Public Service District

Member, Public Service District

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Chelyan Public Service District on the 18th day of April, 1994.

Dated: April 22, 1994.

[SEAL]

Secretary, Public Service District

ABB03CF0

EXHIBIT A

DESCRIPTION OF PROJECT

The proposed wastewater collection system extension will serve the communities of Witcher Creek, Diamond, Carroll Branch and Shrewsbury. It will also provide connections for the Town of Cedar Grove and the Town of East Bank to transport and treat their wastewater at the Chelyan PSD Wastewater Treatment Plant.

It is expected that an additional 640 customers within the Chelyan PSD boundaries will be served along with the Town of Cedar Grove and the Town of East Bank as bulk-rate customers.

APPENDIX A

CHELYAN PUBLIC SERVICE DISTRICT
Case No. 91-1061-PSD-CN

APPROVED RATES

SCHEDULE NO. 1

Applicable to all of the District and where extended.

AVAILABILITY OF SERVICE
Available for sanitary sewer service.

(A) RATE (Based on water consumption or metered waste placed in the sewer system).

First	2,000 gallons used per month	$5.32 per 1,000 gallons
Next	1,000 gallons used per month	5.00 per 1,000 gallons
Next	17,000 gallons used per month	3.75 per 1,000 gallons
Next	80,000 gallons used per month	3.11 per 1,000 gallons
All Over	100,000 gallons used per month	2.49 per 1,000 gallons

(A) MINIMUM CHARGE
No bill will be rendered for less than $10.64 per month.

(A) NON-METERED
Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be Seventeen Dollars and Fifty-Two Cents ($17.52).

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

DISCONNECT FOR NON-PAYMENT
Service shall be discontinued for non-payment of sewer bill as provided by Rule 4.05 of the Rules and Regulations for the Government of Sewer Utilities.

WATER DISCONNECT - RECONNECT FEES
Whenever water service has been disconnected for nonpayment of sewer bills, a disconnection fee of $20.00 shall be charged.

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

(A) Indicates Advance

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A AND SERIES 1994 B, DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, AND CONSTRUCTION TRUST FUND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of the Chelyan Public Service District (the "District") has duly and officially adopted a Bond Resolution on April 18, 1994 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CHELYAN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,023,500 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A AND $175,276 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Chelyan Public Service District Sewerage System Revenue Bonds, (herein the "Bonds") in aggregate principal amount not to exceed $1,198,776, all in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended (the "Act"), and the terms of the Loan Agreements (the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), but requires that the dates, interest rates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution;

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

WHEREAS, the Public Service Board (the "Board") of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the Bonds be fixed hereby in

the manner stated herein; that the Loan Agreement be approved; and that other matters relating to the Bonds be herein provided for; and

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CHELYAN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution, the Act, and this Supplemental Resolution, the Bonds shall be in the aggregate principal amount of $1,198,776, with the following provisions:

(A) The Series 1994 A Bonds shall be originally issued in the form of a single bond, numbered AR-1, in the principal amount of $1,023,500. The Series 1994 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1994, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1994 A Bonds, and shall be payable in installments of principal on October 1 in each of the years 1995 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference. The Series 1994 A Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

(B) The Series 1994 B Bonds shall be originally issued in the form of a single bond, numbered AR-2, in the principal amount of $175,276. The Series 1994 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1994, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1994 B Bonds, and shall be payable in installments of principal on October 1 in each of the years 1995 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference. The Series 1994 B Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 2. All other provisions relating to the Bonds shall be as provided in the Resolution, and the Bonds shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the

Chairman of the District. The execution of the Bonds by the Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreement including each "Schedule X" attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed.

Section 4. The District hereby reaffirms Huntington National Bank, West Virginia, Charleston, West Virginia, as the Depository Bank for the Revenue Fund.

Section 5. The District hereby appoints and designates Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as the Construction Trust Fund Depository Bank, as provided in the Resolution.

Section 6. The District hereby appoints and designates Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as Registrar for the Bonds.

Section 7. The District hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bonds.

Section 8. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about April 22, 1994.

Section 9. Series 1994 A Bonds proceeds in the amount of $94,253.73 shall be deposited in the Series 1994 A Sinking Fund, as capitalized interest; and Series 1994 B Bonds proceeds in the amount of $16,633.02 shall be deposited in the Series 1994 B Sinking Fund, as capitalized interest.

Section 10. The financing of the Project in part with proceeds of the 1994 Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 11. The District hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in Qualified Investments further directed by the District.

Section 12. The District shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the

District to be used directly or indirectly in a manner which would result in the exclusion of the 1994 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: April 18, 1994

CHELYAN PUBLIC SERVICE DISTRICT

Joyce McPhail
Chairman

[SEAL]

Secretary

ABB03A38

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1993 B-II Pool
Debt Service Schedule - Chelyan Public Service District

Avg Coup = 6.75%
TIC = 6.754596%
NIC = 6.749999%

WAM = 27.94 yrs.

Closing April 22, 1994
Interest Bearing Loan: $1,023,500.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	30,513.08	30,513.08
10/1/95	6.75%	5,867.40	69,086.23	74,953.63
10/1/96	6.75%	6,263.45	68,690.18	74,953.63
10/1/97	6.75%	6,686.23	68,267.40	74,953.63
10/1/98	6.75%	7,137.55	67,816.08	74,953.63
10/1/99	6.75%	7,619.33	67,334.30	74,953.63
10/1/00	6.75%	8,133.63	66,820.00	74,953.63
10/1/01	6.75%	8,682.66	66,270.98	74,953.64
10/1/02	6.75%	9,268.73	65,684.90	74,953.63
10/1/03	6.75%	9,894.37	65,059.26	74,953.63
10/1/04	6.75%	10,562.24	64,391.39	74,953.63
10/1/05	6.75%	11,275.20	63,678.44	74,953.64
10/1/06	6.75%	12,036.28	62,917.36	74,953.64
10/1/07	6.75%	12,848.73	62,104.91	74,953.64
10/1/08	6.75%	13,716.01	61,237.62	74,953.63
10/1/09	6.75%	14,641.84	60,311.79	74,953.63
10/1/10	6.75%	15,630.17	59,323.47	74,953.64
10/1/11	6.75%	16,685.20	58,268.43	74,953.63
10/1/12	6.75%	17,811.45	57,142.18	74,953.63
10/1/13	6.75%	19,013.73	55,939.91	74,953.64
10/1/14	6.75%	20,297.16	54,656.48	74,953.64
10/1/15	6.75%	21,667.22	53,286.42	74,953.64
10/1/16	6.75%	23,129.76	51,823.88	74,953.64
10/1/17	6.75%	24,691.01	50,262.62	74,953.63
10/1/18	6.75%	26,357.65	48,595.98	74,953.63
10/1/19	6.75%	28,136.79	46,816.84	74,953.63
10/1/20	6.75%	30,036.02	44,917.61	74,953.63
10/1/21	6.75%	32,063.45	42,890.18	74,953.63
10/1/22	6.75%	34,227.73	40,725.90	74,953.63
10/1/23	6.75%	36,538.10	38,415.53	74,953.63
10/1/24	6.75%	39,004.43	35,949.21	74,953.64
10/1/25	6.75%	41,637.22	33,316.41	74,953.63
10/1/26	6.75%	44,447.73	30,505.90	74,953.63
10/1/27	6.75%	47,447.96	27,505.68	74,953.64
10/1/28	6.75%	50,650.69	24,302.94	74,953.63
10/1/29	6.75%	54,069.62	20,884.02	74,953.64
10/1/30	6.75%	57,719.31	17,234.32	74,953.63
10/1/31	6.75%	61,615.37	13,338.27	74,953.64
10/1/32	6.75%	65,774.40	9,179.23	74,953.63
10/1/33	6.75%	70,214.18	4,739.46	74,953.64
		1,023,500.00	1,930,204.79	2,953,704.79

Prepared 4/6/94

West Virginia Water Development Authority
Interest Bearing Local Loan from Bridge Financing Program
Debt Service Schedule - Chelyan Public Service District

Avg Coup = 6.75%
TIC = 6.754579%
NIC = 6.749986%

WAM = 27.94 yrs.

Closing April 22, 1994
Interest Bearing Loan: $175,276.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	5,225.40	5,225.40
10/1/95	6.75%	1,004.81	11,831.09	12,835.90
10/1/96	6.75%	1,072.63	11,763.27	12,835.90
10/1/97	6.75%	1,145.04	11,690.87	12,835.91
10/1/98	6.75%	1,222.33	11,613.58	12,835.91
10/1/99	6.75%	1,304.84	11,531.07	12,835.91
10/1/00	6.75%	1,392.91	11,442.99	12,835.90
10/1/01	6.75%	1,486.94	11,348.97	12,835.91
10/1/02	6.75%	1,587.30	11,248.60	12,835.90
10/1/03	6.75%	1,694.44	11,141.46	12,835.90
10/1/04	6.75%	1,808.81	11,027.09	12,835.90
10/1/05	6.75%	1,930.91	10,905.00	12,835.91
10/1/06	6.75%	2,061.24	10,774.66	12,835.90
10/1/07	6.75%	2,200.37	10,635.53	12,835.90
10/1/08	6.75%	2,348.90	10,487.01	12,835.91
10/1/09	6.75%	2,507.44	10,328.46	12,835.90
10/1/10	6.75%	2,676.70	10,159.21	12,835.91
10/1/11	6.75%	2,857.37	9,978.53	12,835.90
10/1/12	6.75%	3,050.24	9,785.66	12,835.90
10/1/13	6.75%	3,256.14	9,579.77	12,835.91
10/1/14	6.75%	3,475.92	9,359.98	12,835.90
10/1/15	6.75%	3,710.54	9,125.36	12,835.90
10/1/16	6.75%	3,961.01	8,874.90	12,835.91
10/1/17	6.75%	4,228.37	8,607.53	12,835.90
10/1/18	6.75%	4,513.79	8,322.12	12,835.91
10/1/19	6.75%	4,818.47	8,017.44	12,835.91
10/1/20	6.75%	5,143.71	7,692.19	12,835.90
10/1/21	6.75%	5,490.92	7,344.99	12,835.91
10/1/22	6.75%	5,861.55	6,974.35	12,835.90
10/1/23	6.75%	6,257.20	6,578.70	12,835.90
10/1/24	6.75%	6,679.57	6,156.34	12,835.91
10/1/25	6.75%	7,130.43	5,705.47	12,835.90
10/1/26	6.75%	7,611.73	5,224.17	12,835.90
10/1/27	6.75%	8,125.52	4,710.38	12,835.90
10/1/28	6.75%	8,673.99	4,161.91	12,835.90
10/1/29	6.75%	9,259.49	3,576.42	12,835.91
10/1/30	6.75%	9,884.50	2,951.40	12,835.90
10/1/31	6.75%	10,551.71	2,284.20	12,835.91
10/1/32	6.75%	11,263.95	1,571.96	12,835.91
10/1/33	6.75%	12,024.27	811.64	12,835.91
		175,276.00	330,549.67	505,825.67

Prepared 4/6/94

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, Jerry W. Jessie, Secretary of the Public Service Board of Chelyan Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Chelyan Public Service District met in special session, pursuant to notice duly given and posted, a copy of which is attached hereto and incorporated herein, on the 18th day of April, 1994, at 14501 MacCorkle Avenue, Chelyan, West Virginia, at 4:00 p.m., prevailing time.

Present: Joyce McPhail- Chairperson and Member, Public Service Board;

Jerry W. Jessie - Secretary and Member, Public Service Board;

Roy L. Hanshaw - Treasurer and Member, Public Service Board;

Also present were Samme L. Gee of Jackson & Kelly, Bond Counsel, and H. Wyatt Hanna, III, Counsel to the District.

Joyce McPhail, Chairperson, presided and Roy L. Hanshaw and Jerry W. Jessie, acted as Secretary.

The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairperson presented a Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CHELYAN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,023,500 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC

SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A AND $175,276 IN AGGREGATE PRINCIPAL AMOUNT OF CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO;

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Hanshaw, seconded by Mrs. McPhail, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

Thereupon, the Chairperson presented a Supplemental Bond Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 A AND SERIES 1994 B, DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, AND CONSTRUCTION TRUST FUND DEPOSITORY BANK; APPROVING LOAN AGREEMENTS WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS;

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Hanshaw, seconded by Mr. Jessie, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

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

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

WITNESS my signature on this 22nd day of April, 1994.

[SEAL]

Secretary, Public Service Board

ABB05AE7

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 20th day of April, 1994.

CASE NO. 91-1061-PSD-CN (Reopened)

CHELYAN PUBLIC SERVICE DISTRICT,
a public utility.

Petition to reopen sewer certificate application; to grant the District's immediate request for financing and the revised project costs for the collection system expansion and the financing necessary for the proposed treatment plant upgrade, including total project costs, and to approve the manner in which rates and charges approved in Case No. 91-1061-PSD-CN will be put into effect.

FURTHER ORDER

By order entered by the Commission on April 5, 1994, the above certificate application of Chelyan Public Service District was reopened. The Commission's order of April 5, 1994 also approved the District's petition for additional funding and the method by which the District could place the rates and charges into effect.

On April 15, 1994, H. Wyatt Hanna, III, Esq., counsel for Chelyan Public Service District, filed a petition seeking clarification of the Commission's April 5, 1994 order in this proceeding. Mr. Hanna advised the Commission that bond counsel for this project has specifically requested that the Commission's April 5, 1994 order be clarified to indicate that the total revised project costs for the collection system expansion project in Case No. 91-1061-PSD-CN have been increased to $5,391,851.00.

In addition, Mr. Hanna requested that the Commission's April 5, 1994 order be clarified to reflect that the District's loan amount from the West Virginia Water Development Authority in the amount of $1,198,776.00 has also been approved by the Commission and that the new rates for all of the customers of the Chelyan Public Service District which were approved in a recommended decision entered November 12, 1993 and which became the final order of the Commission on December 2, 1993, are to be effective upon the connection of any new customers of the District, provided that the District complies with Rule 8.01 of the Commission's Rules and Regulations for the Government of Sewer Utilities.

IT IS, THEREFORE, ORDERED that the Commission's April 5, 1994 order in Case No. 91-1061-PSD-CN (Reopened), be, and it hereby is, clarified to indicate that the total revised project costs for the collection system expansion project in Case No. 91-1061-PSD-CN have been increased to $5,391,851.00.

IT IS FURTHER ORDERED that the Commission's April 5, 1994 order in this proceeding, be, and it hereby is, clarified to indicate that an increase of $54,083 in Chelyan Public Service District's loan from the West Virginia Water Development Authority in the amount of $1,144,693 approved by the Commission in a recommended decision entered November 12, 1993 in Case No. 91-1061-PSD-CN, which recommended decision became the final order of the Commission on December 2, 1993, is approved, resulting in a total approved WDA loan amount of $1,198,776.00.

IT IS FURTHER ORDERED that the Commission's April 5, 1994 order in this proceeding, in all other respects, remains in full force and effect.

IT IS FURTHER ORDERED that the Commission's Executive Secretary mail a copy of this order to Chelyan Public Service District by United States First Class Mail.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

HMC/ft

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 5th day of April, 1994.

CASE NO. 91-1061-PSD-CN (Reopened)

CHELYAN PUBLIC SERVICE DISTRICT,
a public utility.

Petition to reopen sewer certificate application; to grant the District's immediate request for financing and the revised project costs for the collection system expansion and the financing necessary for the proposed treatment plant upgrade, including total project costs, and to approve the manner in which rates and charges approved in Case No. 91-1061-PSD-CN will be put into effect.

FINAL ORDER

On March 9, 1994, Chelyan Public Service District, a public utility, (District), filed a petition with the Commission to reopen Case No. 91-1061-PSD-CN for revisions to the approved project funding. In addition, the District is requesting approval to place into effect the previously approved rates and charges upon the connection of new customers prior to completion of the entire expansion project. The revised project to expand the collection system approved in the prior reopening, has increased in cost by $1,042,645 from $4,349,206 to $5,391,851.

With respect to the additional project funding needed, the District has obtained an increase in the amount of grant funds from both the Environmental Protection Agency of $893,140 and the Kanawha County Commission of $125,000. The District has provided written documentation confirming these increased grant amounts. In addition, the allocated portion of the WDA loan attributable to this revised project has been increased by $24,505. While this allocated amount has increased, the total project borrowing originally approved has not been affected. This increased funding is required due to the expansion project's bids coming in over the engineer's original estimates.

As previously stated, the District also requests to stagger its connections to pick up groups of customers who will be instantly provided service and to commence immediate billings of these customers to coincide with the availability of sewer service. Commission Staff has advised the Commission that it does not object to this request, but notes the District must comply with Rule 8.01 of the Commission's Rules and Regulations for the Government of Sewer Utilities, which addresses the notice of availability of service. This notice of availability requires publication in the local newspaper with certain stipulations. If this staggering of customers connections is approved, it would likely require additional publication notices. Thus, it is imperative that the District provide the proper and required notices to avoid any future conflict with prospective customers.

In consideration of the March 9, 1994 petition, Commission Staff recommends that the District's petition for reopening and for approval of additional grant funding be

granted.

UPON CONSIDERATION WHEREOF, the Commission is of the opinion that the petition filed March 9, 1994 by Chelyan Public Service District to reopen Case No. 91-1061-PSD-CN, should be granted.

IT IS, THEREFORE, ORDERED that Case No. 91-1061-PSD-CN, be, and it hereby is, reopened.

IT IS FURTHER ORDERED that Chelyan Public Service District, be, and it hereby is, granted authority to accept additional funding for the project covered by this application in an amount of $893,140 from the Environmental Protection Agency and in an amount of $125,000 from the Kanawha County Commission.

IT IS FURTHER ORDERED that Chelyan Public Service District, be, and it hereby is, authorized to connect customers once service in made available, provided all notice requirements are fulfilled in accordance with Rule 8.01 of the Commission's Rules and Regulations of Sewer Utilities.

IT IS FURTHER ORDERED that the Commission's Executive Secretary mail a copy of this order to Chelyan Public Service District by United States First Class Mail.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

HMC/s

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

FINAL
1-26-93

Entered: January 6, 1993

CASE NO. 91-1061-PSD-CN

RECEIVED
JAN 27 1993

CHELYAN PUBLIC SERVICE DISTRICT,
a public utility, Chelyan, Kanawha
County.

Application for a certificate of convenience and necessity to upgrade the wastewater treatment plant and facilities and to extend the wastewater collection lines to the Witcher Creek, Diamond, Carroll's Branch, and Shrewsbury areas, Kanawha County, and for approval of financing and rates and charges incidental thereto.

RECOMMENDED DECISION

PROCEDURE

On May 19, 1992, Chelyan Public Service District (District or Applicant), a public utility, Chelyan, Kanawha County, filed an application, duly verified, for a certificate of convenience and necessity to upgrade the wastewater treatment plant and facilities and to extend the wastewater collection lines to the Witcher Creek, Diamond, Carroll's Branch, and Shrewsbury areas, in Kanawha County. The District also requested approval of increased rates and charges.

The District estimates that construction will cost approximately $5,862,206, and will be financed as follows: Environmental Protection Agency grant - $1,717,913; Appalachian Regional Commission grant - $500,000; Kanawha County Commission - $500,000; HUD - Small Cities Block Grant - $250,000; Private contribution from Quincy Coal Company - $100,000; contribution from the Town of East Bank - $163,930; and a contribution from the Town of Cedar Grove - $126,000. The balance of the cost will be financed either by West Virginia Water Development Authority bonds in the amount of $1,504,363, or by financing obtained through the Farmers' Home Administration.

On June 4, 1992, the Commission received an Affidavit of Publication indicating that the Notice of Filing was published on May 29, 1992. Protests to the application were received on June 23, 1992.

By Order entered August 14, 1992, this matter was set for hearing to be held on October 1, 1992, in the Commission's Hearing Room, 201 Brooks

Street, Charleston, West Virginia, to commence at 10:00 a.m. The Applicant was directed to publish the Notice of Hearing twice in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Kanawha County, not more than thirty (30) days, nor less than seven (7) days, prior to October 1, 1992.

On September 17, 1992, the District filed a motion for an extension of time indicating that the District must enter into intergovernmental agreements, subject to Commission approval, with the Town of East Bank and the Town of Cedar Grove, for the treatment and disposal of each Town's sewerage. The Applicant indicated that a Commission Staff Attorney had been contacted and that both parties believe that it would be in the best interest of all parties to request a continuance of 45 days for the hearing and to request an extension of the Commission's deadline for the Administrative Law Judge's recommended decision previously scheduled to be issued on or before December 15, 1992, until January 13, 1993.

By Order entered September 18, 1992, the Commission extended the decision due date until January 13, 1993.

On September 29, 1992, the Commission received an Affidavit of Publication indicating that the Notice of Hearing was published in the Charleston Daily Mail on September 11, 1992, and September 18, 1992.

The hearing convened as scheduled on October 1, 1992. Appearing on behalf of the Applicant was H. Wyatt Hanna, III, Esq. Susan Riggs, Esq., appeared on behalf of Commission Staff. Even though numerous protests were received to the application, only one person appeared at the hearing scheduled for October 1, 1992, Mr. Jerry W. Jesse. (Tr., Vol. I, p. 4). Mr. Jesse stated that he was a Trustee for a community sewer system in the lower Witcher area along U.S. Route 60 and wished to speak on behalf of the need for the project. (Tr., Vol. I, p. 5). Mr. Hanna moved for a continuance of the hearing. Staff did not object to the extension. (Tr., Vol. I, pp. 7-8). The matter was continued until November 5, 1992, to commence at 10:00 a.m. (Tr., Vol. I, p. 10).

On October 30, 1992, the Applicant filed a proposed intergovernmental agreement between Chelyan Public Service District and the Town of East Bank and the Sanitary Board of the Town of East Bank. The District advised that the proposed contracts have been reviewed and approved by the Commissioners of the Chelyan Public Service District, but had not been reviewed or approved by either the East Bank Town Council or the East Bank Sanitary Board. The Applicant also indicated that a copy of the proposed intergovernmental agreement between the Chelyan Public Service District, the Town of Cedar Grove, and the Sanitary Board of the Town of Cedar Grove was also being submitted. The Applicant indicated that the document had not been formally reviewed and approved by the Cedar Grove Town Council or the Sanitary Board of the Town of Cedar Grove. The documents were provided for review by Staff.

The hearing reconvened as scheduled on November 5, 1992. H. Wyatt Hanna, III, Esq., appeared on behalf of the District. Susan Riggs, Esq., appeared on behalf of Commission Staff.

On November 12, 1992, the Commission received from the Applicant a correction to page 4 of the transcript of the November 5, 1992 hearing.

On November 13, 1992, Staff filed its Final Joint Staff Memorandum.

On November 19, 1992, Staff filed Attachment I to its Final Joint Staff Memorandum, "District Proposed and Staff Recommended Tariff" to reflect a provision for non-metered service which was inadvertently omitted from the original filing on November 13, 1992.

As of the date of this order, the Applicant has not filed an objection to Staff's recommendation.

EVIDENCE

At the November 5, 1992 hearing, Mr. Hanna informed the Administrative Law Judge that the correct amount of the EPA Grant is $2,717,913, instead of $717,913. (Tr., Vol. II, p. 4). Mr. Hanna stated that the Applicant and Commission Staff had several informal conferences and that the negotiation process was still on-going with regard to the Town of East Bank and Town of Cedar Grove. The intergovernmental contracts have been submitted to the respective parties, but a formal response has not been made by either the Town of East Bank or the Town of Cedar Grove. Mr. Hanna announced that a stipulation had been reached between the District and Staff. (Tr., Vol. II, pp. 4-5).

Ms. Riggs announced for the record that a stipulation on the need for the project to serve a number of areas, including accepting sewage from Cedar Grove and East Bank, had been reached. The Town of East Bank and Cedar Grove would have to do some work on their individual systems and file certificates before each can send sewer to Chelyan. Staff recommended approval of the entire project contingent upon the Town of Cedar Grove and the Town of East Bank filing and obtaining approval of certificates of convenience and necessity with the Commission. Staff was of the opinion that to require Chelyan Public Service District to dismiss this proceeding and reapply would unduly delay the matter, including the grant and other monies the District is to receive for the project. (Tr., Vol. II, p. 5).

Chelyan Public Service District agreed to file the intergovernmental agreements as petition cases within 90 days of the date that an order granting a certificate becomes a final order of the Commission. Staff recommended approval of the rates the District has requested for the project, including rates for Cedar Grove and East Bank. Staff felt that any amendment to the rates could be done in a petition case. Ms. Riggs advised that Staff had spoken with a representative from the Town of Cedar Grove and that, currently, no dispute regarding the rates exists. (Tr., Vol. II, p. 6).

Staff explained that the construction on the project will not begin until the Cedar Grove and East Bank certificates are approved because it is actually one entire project and the rates will go into effect after construction has been completed. Staff, at this time, did not have a final joint Staff recommendation to make. Mr. Hanna announced that the

District had no objection to the Staff's filing of the recommendation post-hearing, but requested five days to respond. (Tr., Vol. II, p. 7).

The District called as its only witness Todd F. Dingess, a certified utility division manager with Smith, Cochran and Hicks, CPA. (Tr., p. 7). Mr. Dingess explained that the firm was retained by the Kanawha County Commission to develop a cost of service study and a plan to study the combined sewage systems for Chelyan Public Service District, the Town of East Bank, and the Town of Cedar Grove. The combined system had been developed prior to Mr. Dingess' involvement in the project. (Tr., p. 9). The proposed Chelyan rates reflect revenues from the Town of East Bank and the Town of Cedar Grove based upon the cost of service study. The proposed treatment and disposal rate for the Town of Cedar Grove is $1.48 per 1,000 gallons of metered water usage and the proposed rate for the Town of East Bank is $1.637 per 1,000 gallons. (Tr., Vol. II, p. 10). The Applicant feels the cost of service study substantiates the feasibility of the project. However, the project is reflective of the three entities, the Town of Cedar Grove, the Town of East Bank and Chelyan Public Service District, being a cumulative project. (Tr., Vol. II, p. 11).

Staff agreed to file a Staff recommendation no later than November 13, 1992, and any comments the Applicant had in response to Staff's recommendation were to be filed no later than November 18, 1992. (Tr., Vol. II, p. 12). The parties waived their right to file briefs, conclusions of law and findings of fact. (Tr., Vol. II, p. 15).

On November 13, 1992, Commission Staff filed its Final Joint Staff Memorandum. Staff advised that the District's proposed project includes an expansion of its system in order to accept and treat sewage from the Town of East Bank and the Town of Cedar Grove. The rates proposed by the District and recommended by Staff include the proposed rates for the Town of East Bank and the Town of Cedar Grove. The District's expenses and revenues reflect the Town of East Bank and the Town of Cedar Grove as customers of the District. Staff noted that, in order for the Town of East Bank and the Town of Cedar Grove to connect to the District, both Towns must file certificate cases.

The District filed its certificate application after obtaining a large sum of grant funding. Staff stated that the District has demonstrated need for the project and feels its funding and rates are reasonable. Staff recommended approval of the District's certificate application, including the District's proposed rates and funding, subject to (1) the filing by the Town of East Bank and the Town of Cedar Grove of certificate applications for proposed projects compatible with the District's project; and (2) Commission approval of the East Bank and Cedar Grove certificate applications. Staff also recommended that the District be ordered to file with the Commission its proposed intergovernmental agreements between the District and the Town of East Bank and the District and the Town of Cedar Grove in the form of petition proceedings within 90 days of the date that an order granting the certificate becomes a final order of the Commission.

Staff indicated that the project's estimated cost is $5,862,206, and will be funded through an Environmental Protection Agency Grant in the amount of $2,717,913; an Appalachian Regional Commission Grant of $500,000; a Kanawha County Commission Grant of $500,000; a Small Cities Block Grant of $250,000; a contribution from the Quincy Coal Company of $100,000; a contribution from the Town of East Bank of $163,930; and a contribution from the Town of Cedar Grove in the amount of $126,00. The amount of $1,504,363 will be borrowed from the Water Development Authority (WDA). The loan is scheduled for repayment over a 40-year period, with the first two years consisting of interest only. The annual interest rate is 7.5%.

The annual debt requirement for the project will be approximately $120,650, with a 10% debt reserve of $12,065. Staff noted that WDA requires a renewal and replacement reserve equal to 2.5% of operating revenues which would result in the amount of $11,244. Staff indicated that it had received confirmation of all funding sources except for the interim financing. Staff recommended approval of the certificate contingent upon receipt of the confirmation of the interim financing. Staff recommended approval of the District's proposed 13% increase in rates and believed that the proposed rates would generate additional annual operating revenues of approximately $172,839, with an additional $119,720 in annual revenues from the treatment of the sewage from the Towns of Cedar Grove and East Bank. Staff believes the total combined revenue will result in approximately $304,720 in annual operating income. Staff feels that this operating income level is sufficient to meet all proposed operating expenses.

FINDINGS OF FACT

1. On May 19, 1992, Chelyan Public Service District, a public utility, Chelyan, Kanawha County, filed an application, duly verified, for a certificate of convenience and necessity to upgrade its wastewater treatment plant and facilities and to extend its wastewater collection lines to the Witcher Creek, Diamond and Carroll's Branch and Shrewsbury areas of Kanawha County. The District requested approval of increased rates and charges of approximately 13%. (See, application).

2. The estimated cost of the project is $5,862,206. (See, application).

3. The project will be funded through an Environmental Protection Agency Grant in the amount of $2,717,913; an Appalachian Regional Commission Grant of $500,000; a Kanawha County Commission Grant of $500,000; a Small Cities Block Grant of $250,000; a contribution from Quincy Coal Company of $100,000; a contribution from the Town of East Bank of $163,930; a contribution from the Town of Cedar Grove in the amount of $126,000; and a Water Development Authority loan in the amount of $1,504,363, for a 40-year period at an annual interest rate of 7.5%. (See, application; Final Joint Staff Memorandum received November 13, 1992).

4. Interim financing has been proposed, but confirmation has not been received by the Commission. (See, Final Joint Staff Memorandum received November 13, 1992).

5. The District has made publication in accordance with West Virginia Code §24-2-11. (See, Affidavit of Publication).

6. Protests were received to the application during the 30-day protest period, but no persons appeared at the hearing held on October 1, 1992, to protest said application. (See, Tr., Vol. I, p. 1).

7. One person, Jerry W. Jesse, appeared to support the project. (Tr., Vol. I, p. 4).

8. Commission Staff recommends approval of the application and approval of the financing, subject to (1) confirmation of interim financing being received by the Commission, (2) the filing by the Town of East Bank and the Town of Cedar Grove of certificate applications for proposed projects compatible with the District's project and (3) Commission approval of the East Bank and Cedar Grove certificate applications. Staff recommends that the District be ordered to file with the Commission proposed intergovernmental agreements between the District and the Town of East Bank and the District and the Town of Cedar Grove in the form of a petition proceeding within 90 days of the date that this order becomes a final order of the Commission. (See, Final Joint Staff Memorandum received November 13, 1992).

9. As of the date of this order, the Applicant has filed no objection to Staff's recommendation. (See, case file, generally).

10. Staff recommends that the District's proposed rate changes be approved. (See, Final Joint Staff Memorandum received November 13, 1992).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project is adequately financed and economically feasible.

3. The District's proposed rates are sufficient, but not more than sufficient, to cover the reasonable and necessary operating expenses and debt service coverage needed to support the proposed project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by Chelyan Public Service District for a certificate of convenience and necessity to upgrade its wastewater treatment plant and facilities and to extend its wastewater collection lines to the Witcher Creek, Diamond, Carroll's Branch and Shrewsbury areas, Kanawha County, and for approval of financing and rates and charges incidental thereto, be, and hereby is,

approved, subject to: (1) the receipt of confirmation of interim financing; (2) the filing by the Town of East Bank and the Town of Cedar Grove of certificate applications for proposed projects compatible with the District's project; and (3) Commission approval of the Town of East Bank and the Town of Cedar Grove certificate applications. Construction of this project may not commence until all three above-stated conditions have been fulfilled.

IT IS FURTHER ORDERED that the District file with the Commission its proposed intergovernmental agreements between the District and the Town of East Bank and the District and the Town of Cedar Grove requesting approval of the petitions within 90 days of the date that this order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the financing for the project, being an Environmental Protection Agency Grant in the amount of $2,717,913; an Appalachian Regional Commission Grant of $500,000; a Kanawha County Commission Grant of $500,000; a Small Cities Block Grant of $250,000; a contribution from Quincy Coal Company of $100,000; a contribution from the Town of East Bank of $163,930; a contribution from the Town of Cedar Grove in the amount of $126,000; and a Water Development Authority loan in the amount of $1,504,363, for a 40-year term at an annual interest rate of 7.5%, be, and hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges attached hereto as Appendix A be, and they hereby are, approved to be charged by the Chelyan Public Service District once the proposed project is completed.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions, financing or scheduling of the project, Chelyan Public Service District shall notify the Public Service Commission immediately and it shall file for Commission approval of the revised project and/or financing.

IT IS FURTHER ORDERED that the District promptly notify the Commission of the date that the construction of the project approved by this order is actually completed.

IT IS FURTHER ORDERED that the District file a revised tariff within ten (10) days of the date of the final construction and notification of this project.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Susan A. Murensky
Administrative Law Judge

SAM:cjf

APPENDIX A

CHELYAN PUBLIC SERVICE DISTRICT
Case No. 91-1061-PSD-CN

APPROVED RATES

SCHEDULE NO. 1

Applicable to all of the District and where extended.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

(A) RATE (Based on water consumption or metered waste placed in the sewer system).

First	2,000 gallons used per month	$5.32	per 1,000 gallons
Next	1,000 gallons used per month	5.00	per 1,000 gallons
Next	17,000 gallons used per month	3.75	per 1,000 gallons
Next	80,000 gallons used per month	3.11	per 1,000 gallons
All Over	100,000 gallons used per month	2.49	per 1,000 gallons

(A) MINIMUM CHARGE

No bill will be rendered for less than $10.64 per month.

(A) NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be Seventeen Dollars and Fifty-Two Cents ($17.52).

DELAYED PAYMENT PENALTY

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

DISCONNECT FOR NON-PAYMENT

Service shall be discontinued for non-payment of sewer bill as provided by Rule 4.05 of the Rules and Regulations for the Government of Sewer Utilities.

WATER DISCONNECT - RECONNECT FEES

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

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

(A) Indicates Advance

HANNA AND HANNA
ATTORNEYS-AT-LAW
1510 KANAWHA BOULEVARD, EAST
CHARLESTON, WEST VIRGINIA 25311
(304) 342-2137
FAX (304) 342-2130

SAMUEL F. HANNA
H. WYATT HANNA, III

OF COUNSEL
HOMER W. HANNA, JR.

MAILING ADDRESS:
P.O. BOX 2311
CHARLESTON, W. VIRGINIA 25328

January 30, 1992

Howard Cunningham
Executive Secretary
WV Public Service Commission
201 Brooks Street
Charleston, WV 25301

RE: Case No. 91-1061-PSD-PF
Chelyan Public Service District, Kanawha County, West Virginia

Dear Mr. Cunningham:

Enclosed please find two affidavits of publication regarding the pre-filing notice for the Chelyan Public Service District which has been duly published in the Charleston Gazette on January 4, 1992, January 16, 1992, and January 23, 1992.

As I previously advised you, the original notice was published only once in the Charleston Gazette on January 3, 1992, and upon being made aware of this problem, I requested that the Charleston Newspapers republish the notice as they were directed, pursuant to my original instructions, as a Class II legal advertisement.

I would appreciate it if you would place both affidavits in the Commission's file regarding this matter. If you have any questions, please do not hesitate to contact this office.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

Enclosures

cc: Chelyan Public Service District
Ashok Sanghavi
Susan Riggs, Staff Attorney

Please take notice that the Chelyan Public Service District, with regard to its proposed upgrade of its sewage treatment plant and facilities, and the expansion of its sewage collection lines to the Carroll's Branch, Diamond, Witcher Creek, and Shrewsbury areas of Kanawha County, West Virginia, will make formal application to the West Virginia Public Service Commission for a certificate of convenience and necessity regarding said project on or about March 9, 1992. Chelyan Public Service District will be upgrading its sewage treatment facilities, collection, and transportation system for the disposal of sewerage and a portion of this project also includes the entering into intergovernmental Agreements, subject to approval by the West Virginia Public Service Commission, with the Towns of East Bank and Cedar Grove for the treatment and disposal of each town's wastewater. The estimated total cost is anticipated not to exceed $6,000,000.00. Chelyan Public Service District intends to borrow an amount of money not to exceed $2,000,000.00. Said amount will be financed either through the West Virginia Water Development Authority or the Farmer's Home Administration with either entity issuing revenue bonds for the amount of money which will be borrowed. Chelyan Public Service District estimates that the interest rate on these bonds will not exceed 8.00% for a borrowing period not to exceed forty (40) years. Additional monies in the form of grants will be obtained from the United States Environmental Fratection Agency, and other contributors providing monies for the project, include the Town of East Bank, the Town of Cedar Grove, a private contributor, and the Kanawha County Commission and the Appalachian Regional Commission. Chelyan Public Service District will be acquiring numerous right-of-ways from the public, as well as from the State of West Virginia, and other governmental entities. The project will consist of the upgrading of the District's sewage treatment plan and facilities, and the construction of approximately eighty thousand (80,000) feet of new sanitary sewer collection lines in the Carroll's Branch, Diamond, Witcher Creek, and Shrewsbury areas of Kanawha County, West Virginia. Chelyan Public Service District anticipates that the rates to its customers will not exceed the following:

RATE (Based upon the metered amount of water furnished)

0 - 2,000 gallons used per month $6.20 per 1,000 gallons

2,001 - 3,000 gallons used per month $5.81 per 1,000 gallons

3,001 - 20,000 gallons used per month $4.36 per 1,000 gallons

20,001 - 100,000 gallons used per month $3.63 per 1,000 gallons

over 100,000 gallons used per month $2.90 per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum monthly charge of Twelve Dollars and Forty Cents ($12.40).

NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the monthly minimum charge shall be Twenty Dollars and Thirty-Nine Cents ($20.39).

DELAYED PAYMENT PENALTY

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

Anyone wishing to object to this proposed expansion may sign a petition in the Office of the Clerk of the County Commission of Kanawha County, Kanawha County Courthouse, Virginia and Court Streets, Charleston, West Virginia, or at the business office of the Chelyan Public Service District located at 1499 MacCorkle Avenue, Chelyan, West Virginia.

This notice is prepared pursuant to West Virginia Code 16-13A-25.

Submitted By,
Roy Hanshaw, Chairman
Chelyan Public
Service District
(895543)

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,

KANAWHA COUNTY, TO-WIT:

I, Debra L. Caldwell 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: CHELYAN PUBLIC SERV

WAS DULY PUBLISHED IN SAID PAPER(S) ON THE DATES LISTED BELOW, AND WAS POSTED AT THE FRONT DOOR OF THE COURT HOUSE OF SAID KANAWHA COUNTY, WEST VIRGINIA, ON THE

4TH DAY OF JANUARY , 1992 .

DATES PUBLISHED:

01/03/92 GAZETTE

SUBSCRIBED AND SWORN TO BEFORE ME THIS

9TH DAY OF JANUARY , 1992 .

Frances A. Hartman

NOTARY PUBLIC OF KANAWHA COUNTY, WEST VIRGINIA

PRINTERS FEE $ 66.19

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
[illegible] HARTMAN
[illegible]
[illegible] Virginia 25314
My Commission Expires Dec. 19, 1999

UNITED STATES
DEPARTMENT OF
AGRICULTURE

FARMERS
HOME
ADMINISTRATION

Federal Building, Room 320
75 High Street
Morgantown, WV 26505-7500
(304) 291-4796
FAX (304) 291-4032

December 10, 1993

SUBJECT: Chelyan Public Service District
(Request for Parity)

TO: District Director, FmHA
Charleston, WV

Reference is made to your memorandum dated November 1, 1993.

The District's request for consent to issue $1,900,000 on parity with the Sewerage Revenue Bond now held by FmHA is approved herewith. Attached find the following:

1. Form FmHA 465-1, "Application for Partial Release, Subordination or Consent."

2. Exhibit A to FmHA Instruction 1951-E.

3. OGC's comments relative to the parity request.

The information provided is returned herewith. If you have any qestions, please advise.

MAX D. CRUM
Chief, Community Programs

Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

Form FmHA 465-1
(Rev. 9-88)

Position 5

FORM APPROVED
OMB NO. 0575-0086

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

STATE
West Virginia
COUNTY
Kanawha
CASE NO.
57-020-0550561012

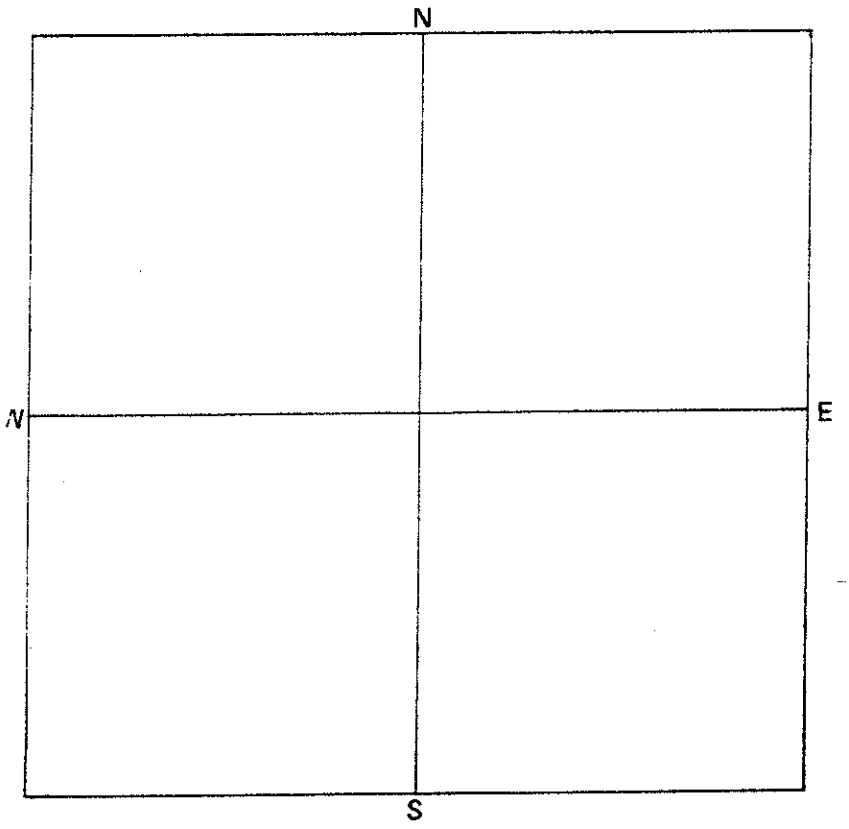
TYPE OF LOAN
Community Program
(SPECIFY)
Sewer
☐ DIRECT ☒ INSURED

APPLICATION FOR PARTIAL RELEASE, SUBORDINATION, OR CONSENT

The undersigned Chelyan Public Service District
(Names of Borrower and Co-Borrower)

whose address *(Including ZIP Code)* is P. O. Box 8, Cabin Creek, WV 25035
in accordance with the terms of the security instruments now held or insured by the Farmers Home Administration on their property, apply for release or subordination of the liens of said security instruments or consent to the following transaction. **Consent to issuance of a new bond at parity with Sewerage System Revenue Bond Series 1979, in the principal amount of $822,100 and purchased by the Farmers Home Administration on Sept. 13, 197**
(Description)

1. Plot of Property: **N/A**



2. Prior lienholders listed in order:
Farmers Home Administration

3. The prior lien to which subordination is requested is to be held by:
Farmers Home Administration

4. The property to be leased or conveyed to:
N/A

5. Description of property to be covered by the release, subordination, or consent: **N/A**

6. The use to be made of the property covered by this application is: **The purpose of this application is to request the consent of the Rural Development Administration for Chelyan PSD to issue one or more bonds in an agregate amount not to exceed $1,900,000 to the State of West Virginia Water Development Authority for the purpose of financing essential improvements and expansion of the existing sewage collection and disposal system.**

This form is used by FmHA borrowers to obtain the consent of the Government to enter into certain transactions as set out in FmHA regulations, to permit junior liens, or to request partial release from the terms of real estate security instruments.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

7. The anticipated proceeds from this transaction are: Initial payment $ -0-
Subsequent payment(s) $ -0-

Other considerations:

If the borrower obtains a loan from another lender as a result of any subordination covered by this application, the lender must incorporate in the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

8. Subject to the provisions of Paragraph 7 it is proposed to use the proceeds as follows: **See Item #6.**

9. Have you or any member, stockholder, partner or joint operator of the entity borrower been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance since December 23, 1985?
☐ Yes ☒ No

If yes, provide date of conviction and details on a separate sheet.

10. If this application is approved, the undersigned borrowers agree to comply with such terms as may be prescribed by the Farmers Home Administration and to disposition of the proceeds as required by the Farmers Home Administration pursuant to its regulations, including the method of applying payments to the borrowers' loan accounts. It is expressly understood that unless a separate written instrument of subordination or partial release is executed and delivered by the Farmers Home Administration pursuant to this application, approval by the Farmers Home Administration of this application will merely constitute and evidence its consent, as lienholder, to the proposed transaction without in any way subordinating its lien, releasing any of its security, modifying the payment terms of the loan, or otherwise affecting any rights of the Farmers Home Administration.

The borrower(s) agrees that none of the funds obtained as a result of any subordination covered by this application will be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations.

Date OCT 27 1993 Signed Joyce McPhail
(Borrower)

Joyce McPhail, Chairperson
Chelyan Public Service District
(Co-Borrower)

1. The proposed transaction:
   ☐ WILL ☒ WILL NOT prevent or make more difficult the successful operation of this property.
   ☐ WILL ☒ WILL NOT reduce the efficiency of the property.
2. The proposed transaction will affect the value of this property as security for the loan as follows:

	Present Market Value
(a) Value of Real Estate Before	
(b) Value of Real Estate After	
(c) Value of Real Estate Disposed of	

3. The following ☐ damages ☐ benefits will result to this property from the transaction:

I hereby recommend that this application be approved and that the proceeds be applied or released as follows:

INITIAL PAYMENT

$ _____ To extra payment on FmHA loan
$ _____ To regular payment on FmHA loan
$ _____ To borrower as regular income
$ _____ To prior lien(s)
$ _____ Other *(specify)* _____

SUBSEQUENT PAYMENTS:

$ _____ or _____ % To extra payment on FmHA loan
$ _____ or _____ % To regular payment on FmHA loan
$ _____ or _____ % To borrower as regular income
$ _____ or _____ % To prior lien(s)
$ _____ Other *(specify)* _____

Date 12/1/93 Recommended by Forrest Southall
FORREST W. SOUTHALL
DISTRICT DIRECTOR
(Title)

Date 12/10/93 ☒ Approved ☐ Disapproved by _____

(Title)

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

FmHA 465-1 (Rev. 9/88)
*U.S. Government Printing Office: 1988-242-008/93253

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENTS
12. SPECIMEN BONDS
13. CONFLICTS OF INTEREST
14. GRANTS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of the Chelyan Public Service District (herein called the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the single, fully registered Chelyan Public Service District Sewerage System Revenue Bond, Series 1994 A, numbered AR-1, dated the date hereof, in the principal amount of $1,023,500 and the single, fully registered Chelyan Public Service District Sewerage System Revenue Bond, Series 1994 B, numbered BR-1, dated the date hereof in the principal amount of $175,276 (collectively, herein called the "Bonds"), both Bonds bearing interest at the rate of six and seventy-five hundredths percent (6.75%), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution duly adopted by the Public Service Board (the "Board") of the District on April 18, 1994 and a Supplemental Resolution adopted April 18, 1994 relating to the Bonds (collectively, the "Resolution"), and the Loan Agreements (the "Loan Agreements") entered into between the District and the West Virginia Water Development Authority (the "Authority"), dated April 22, 1994.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board of the District authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning construction and acquisition of the improvements and extensions to the existing sewage collection and transportation facilities of the District financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the District of the Project (said existing facilities, the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use or pledge of the Net Revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 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 District since April 18, 1994. Further, there has been no adverse change in the status of any grant necessary to finance the acquisition and construction of the Project.

The District issued $822,100 of Sewer Revenue Bonds, dated September 13, 1979 (the "Prior Bonds") to the Farmers Home Administration ("FmHA") of which $680,298.26 is currently outstanding. The District has recorded the written consent of FmHA with respect to issuance of the Bonds on a parity as lien and source of security with the Prior Bonds. The District is current on all payments on the Prior Bonds and is in compliance with all covenants with respect to said Prior Bonds.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the Board of the District as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the District. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the District.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that the District has filed any information with the Public Service Commission (the "PSC") and taken all other action required to maintain the Recommended Decision which became the Final Order of the PSC issued in Case No. 91-1061-PSD-CN which grants a Certificate of Convenience and Necessity, approves the sale of the Bonds and approves the District's rates, dated January 26, 1993, as subsequently modified and amended on April 5, 1994 and on April 20, 1994, in full force and effect, and has taken all other action required by applicable law. On April 18, 1994, the Board adopted by resolution the rates as were approved by the PSC.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Chelyan Public Service District," and it is a public corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Kanawha County of said State. The governing body of the District is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of terms of office during these Bond proceedings are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Joyce McPhail	11/29/90	8/1/96
Roy L. Hanshaw	1/19/89	7/31/94
Jerry W. Jessie	3/11/93	8/1/98

At the organizational meeting, the following were duly elected and qualified as officers of the Board for: Joyce McPhail, Chairman, Roy L. Hanshaw, Treasurer and Jerry W. Jessie, Secretary.

H. Wyatt Hanna, III, Esquire, whose signature appears hereon is the duly appointed and acting Attorney for the District.

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

9. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

10. INSURANCE: The District will maintain or, as appropriate, will require all contractors to, maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance where applicable, in accordance with the Resolution and the Loan Agreements.

11. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the District contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the District has occurred since the date of the Loan Agreements which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading.

12. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

13. CONFLICTS OF INTEREST: No officer or employee of the District has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the District and the sale of any land, materials, supplies or services to the District, or to any contractor supplying the District, relating to the Bonds, the authorizing document and/or the Project, including, without limitation, with respect to the Construction Trust Fund Depository Bank and 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.

14. GRANTS: The District's $2,804,775 United States Environmental Protection Agency Grant, $362,300 Appalachian

Regional Commission Grant, $175,000 Community Development Block Grant, $625,000 Kanawha County Commission Grant and the commitments for cash contributions in the amounts of $100,000 and $126,000 from Quincy Center and The Town of Cedar Grove, respectively, are in full force and effect.

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

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

WITNESS our signatures and the official corporate seal of the Chelyan Public Service District on this 22nd day of April, 1994.

[SEAL]

Signature	Official Title
_____	Chairman
_____	Secretary
_____	Attorney

ABB03A25

AR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 A

No. AR-1 $1,023,500

KNOW ALL MEN BY THESE PRESENTS: That CHELYAN 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 ONE MILLION TWENTY-THREE THOUSAND FIVE HUNDRED DOLLARS ($1,023,500) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1994. 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 Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated April 22, 1994.

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $1,023,500 (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage system of the Issuer (the "Project"), (ii) to pay interest on the Bonds during the construction of the Project and for approximately six months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Bond Resolution and Supplemental Resolution duly adopted by the Issuer

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on April 18, 1994 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1979, ISSUED SEPTEMBER 13, 1979 (THE "PRIOR BOND"), AND ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $822,100 AND THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 B ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $175,276 (THE "SERIES 1994 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien of the Prior Bond and the Series 1994 B Bonds, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1994 A Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 A Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 required in any year for debt service on the Series 1994 A Bonds, the Series 1994 B Bonds and the Prior Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the Series 1994 A Bonds, provided however, that so long as the Series 1994 A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, and the reserve account for any other obligations outstanding prior to or on a parity with the Series 1994 A Bonds, including the Prior Bond and the Series 1994 B Bonds, is funded at 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 Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, 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.

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

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

All provisions of the Resolution, 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, CHELYAN 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 April 22, 1994.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

"SPECIMEN"

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

"SPECIMEN"

Date: April __, 1994

BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION, as Registrar

"SPECIMEN"

By _____
Its Authorized Officer

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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1993 B-II Pool
Debt Service Schedule - Chelyan Public Service District

Closing April 22, 1994
Interest Bearing Loan: $1,023,500.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	30,513.08	30,513.08
10/1/95	6.75%	5,867.40	69,086.23	74,953.63
10/1/96	6.75%	6,263.45	68,690.18	74,953.63
10/1/97	6.75%	6,686.23	68,267.40	74,953.63
10/1/98	6.75%	7,137.55	67,816.08	74,953.63
10/1/99	6.75%	7,619.33	67,334.30	74,953.63
10/1/00	6.75%	8,133.63	66,820.00	74,953.63
10/1/01	6.75%	8,682.66	66,270.98	74,953.64
10/1/02	6.75%	9,268.73	65,684.90	74,953.63
10/1/03	6.75%	9,894.37	65,059.26	74,953.63
10/1/04	6.75%	10,562.24	64,391.39	74,953.63
10/1/05	6.75%	11,275.20	63,678.44	74,953.64
10/1/06	6.75%	12,036.28	62,917.36	74,953.64
10/1/07	6.75%	12,848.73	62,104.91	74,953.64
10/1/08	6.75%	13,716.01	61,237.62	74,953.63
10/1/09	6.75%	14,641.84	60,311.79	74,953.63
10/1/10	6.75%	15,630.17	59,323.47	74,953.64
10/1/11	6.75%	16,685.20	58,268.43	74,953.63
10/1/12	6.75%	17,811.45	57,142.18	74,953.63
10/1/13	6.75%	19,013.73	55,939.91	74,953.64
10/1/14	6.75%	20,297.16	54,656.48	74,953.64
10/1/15	6.75%	21,667.22	53,286.42	74,953.64
10/1/16	6.75%	23,129.76	51,823.88	74,953.64
10/1/17	6.75%	24,691.01	50,262.62	74,953.63
10/1/18	6.75%	26,357.65	48,595.98	74,953.63
10/1/19	6.75%	28,136.79	46,816.84	74,953.63
10/1/20	6.75%	30,036.02	44,917.61	74,953.63
10/1/21	6.75%	32,063.45	42,890.18	74,953.63
10/1/22	6.75%	34,227.73	40,725.90	74,953.63
10/1/23	6.75%	36,538.10	38,415.53	74,953.63
10/1/24	6.75%	39,004.43	35,949.21	74,953.64
10/1/25	6.75%	41,637.22	33,316.41	74,953.63
10/1/26	6.75%	44,447.73	30,505.90	74,953.63
10/1/27	6.75%	47,447.96	27,505.68	74,953.64
10/1/28	6.75%	50,650.69	24,302.94	74,953.63
10/1/29	6.75%	54,069.62	20,884.02	74,953.64
10/1/30	6.75%	57,719.31	17,234.32	74,953.63
10/1/31	6.75%	61,615.37	13,338.27	74,953.64
10/1/32	6.75%	65,774.40	9,179.23	74,953.63
10/1/33	6.75%	70,214.18	4,739.46	74,953.64
		1,023,500.00	1,930,204.79	2,953,704.79

PRELIMINARY

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(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 said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

"SPECIMEN"

_____

In the presence of:

_____

LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH MICH

NUMBER

BR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CHELYAN PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 B

No. BR-1 $175,276

KNOW ALL MEN BY THESE PRESENTS: That CHELYAN 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 ONE HUNDRED SEVENTY-FIVE THOUSAND TWO HUNDRED SEVENTY-SIX DOLLARS ($175,276) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1994. 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 Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated April 22, 1994.

This Bond is one of a series of Bonds (the "Bonds") issued in the original principal amount of $175,276 (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage system of the Issuer (the "Project"); (ii) to pay interest on the Bonds during the construction of the Project and for approximately six months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Bond Resolution and Supplemental Resolution duly adopted by the Issuer

MIDWEST BANK NOTE COMPANY, PLYMOUTH, MICH

on April 18, 1994 (collectively, the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1979, ISSUED SEPTEMBER 13, 1979 (THE "PRIOR BOND"), AND ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $822,100 AND THE CHELYAN PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM REVENUE BOND, SERIES 1994 A ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,023,500 (THE "SERIES 1994 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the lien of the Prior Bond and the Series 1994 A Bonds, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1994 B Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 B Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, 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 required in any year for debt service on the Series 1994 B Bonds, Series 1994 A Bonds and the Prior Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the Series 1994 B Bonds, provided however, that so long as the Series 1994 B Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, and the reserve account for any other obligations outstanding prior to or on a parity with the Series 1994 B Bonds, including the Prior Bond and the Series 1994 A Bonds, is funded at 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 Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, 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.

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

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

All provisions of the Resolution, 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, CHELYAN 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 April 22, 1994.

[SEAL]

"SPECIMEN"

_____
Chairman

ATTEST:

_____
Secretary

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: April __, 1994

BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

"SPECIMEN"
"SPECIMEN"

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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Interest Bearing Local Loan from Bridge Financing Program
Debt Service Schedule - Chelyan Public Service District

Closing April 22, 1994
Interest Bearing Loan: $175,276.00

Date	Coupon	Principal	Interest	Debt Service
10/1/94	6.75%	0.00	5,225.40	5,225.40
10/1/95	6.75%	1,004.81	11,831.09	12,835.90
10/1/96	6.75%	1,072.63	11,763.27	12,835.90
10/1/97	6.75%	1,145.04	11,690.87	12,835.91
10/1/98	6.75%	1,222.33	11,613.58	12,835.91
10/1/99	6.75%	1,304.84	11,531.07	12,835.91
10/1/00	6.75%	1,392.91	11,442.99	12,835.90
10/1/01	6.75%	1,486.94	11,348.97	12,835.91
10/1/02	6.75%	1,587.30	11,248.60	12,835.90
10/1/03	6.75%	1,694.44	11,141.46	12,835.90
10/1/04	6.75%	1,808.81	11,027.09	12,835.90
10/1/05	6.75%	1,930.91	10,905.00	12,835.91
10/1/06	6.75%	2,061.24	10,774.66	12,835.90
10/1/07	6.75%	2,200.37	10,635.53	12,835.90
10/1/08	6.75%	2,348.90	10,487.01	12,835.91
10/1/09	6.75%	2,507.44	10,328.46	12,835.90
10/1/10	6.75%	2,676.70	10,159.21	12,835.91
10/1/11	6.75%	2,857.37	9,978.53	12,835.90
10/1/12	6.75%	3,050.24	9,785.66	12,835.90
10/1/13	6.75%	3,256.14	9,579.77	12,835.91
10/1/14	6.75%	3,475.92	9,359.98	12,835.90
10/1/15	6.75%	3,710.54	9,125.36	12,835.90
10/1/16	6.75%	3,961.01	8,874.90	12,835.91
10/1/17	6.75%	4,228.37	8,607.53	12,835.90
10/1/18	6.75%	4,513.79	8,322.12	12,835.91
10/1/19	6.75%	4,818.47	8,017.44	12,835.91
10/1/20	6.75%	5,143.71	7,692.19	12,835.90
10/1/21	6.75%	5,490.92	7,344.99	12,835.91
10/1/22	6.75%	5,861.55	6,974.35	12,835.90
10/1/23	6.75%	6,257.20	6,578.70	12,835.90
10/1/24	6.75%	6,679.57	6,156.34	12,835.91
10/1/25	6.75%	7,130.43	5,705.47	12,835.90
10/1/26	6.75%	7,611.73	5,224.17	12,835.90
10/1/27	6.75%	8,125.52	4,710.38	12,835.90
10/1/28	6.75%	8,673.99	4,161.91	12,835.90
10/1/29	6.75%	9,259.49	3,576.42	12,835.91
10/1/30	6.75%	9,884.50	2,951.40	12,835.90
10/1/31	6.75%	10,551.71	2,284.20	12,835.91
10/1/32	6.75%	11,263.95	1,571.96	12,835.91
10/1/33	6.75%	12,024.27	811.64	12,835.91
		175,276.00	330,549.67	505,825.67

"CERTIFIED COPY"

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(Form of)

ASSIGNMENT

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

"SPECIMEN"

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

Dated: _____, _____.

_____

In the presence of:

_____

"SPECIMEN"

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CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Jerry W. Jessie, Secretary of the Public Service Board (the "Board") of Chelyan Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of $1,023,500 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A and the $175,276 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B (collectively the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, that said documents have been duly adopted or entered by the Board, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Rules of Procedure.

2. Order of The County Commission of Kanawha County (the "County Commission") creating the District.

3. Orders of the County Commission appointing current Board members.

4. Certificate as to Oaths of Office of Board members.

5. Loan Agreements dated April 22, 1994.

6. Minutes of 1994 organizational meeting of the Board.

7. Minutes of the April 18, 1994, meeting of the Board, wherein the Bond Resolution and the Supplemental Resolution with respect to the Bonds were adopted.

8. Bond Resolution.

9. Supplemental Resolution.

10. Evidence of the following Grant Agreements:

(a) EPA Grant;

(b) ARC Grant;

(c) CDB Grant; and

(d) Kanawha County Commission Grants.

11. Evidence of Cash Contributions from:

(a) Quincy Center; and

(b) The Town of Cedar Grove.

WITNESS my signature and the official seal of the Chelyan Public Service District as of the 22nd day of April, 1994.

Secretary, Public Service Board,
Chelyan Public Service District

(SEAL)

ABB03A0D

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

CERTIFICATE AS TO NON-ARBITRAGE

I, Joyce McPhail, Chairman of the Public Service Board of Chelyan 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 $1,023,500 aggregate principal amount of Sewerage System Revenue Bonds, Series 1994 A and for the issuance of $175,276 aggregate principal amount of Sewerage System Revenue Bonds, Series 1994 B, both dated April 22, 1994 (collectively the "Bonds" or individually the "Series 1994 A Bonds" or the "Series 1994 B Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer and 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 April 22, 1994, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Bonds will be sold on April 22, 1994, to the West Virginia Water Development Authority (the "Authority") for an

aggregate purchase price of $1,023,500 for the Series 1994 A Bonds and $175,276 for the Series 1994 B Bonds (100% of the principal amounts thereof).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewage collection and transportation system of the Issuer (the "Project"), (ii) paying interest on the Bonds during construction and for a period not to exceed six months thereafter and (iii) paying costs of issuance and other costs in connection therewith.

8. Construction and acquisition of the Project will proceed with due diligence to completion. Construction of the Project is expected to be completed by January, 1995.

9. The total cost of the Project is estimated at $5,391,851. Sources and uses of funds for the Project are as follows:

SOURCES

Series 1994 A Bonds	$1,023,500
Series 1994 B Bonds	$ 175,276
EPA Grant	$2,804,775
ARC Grant	$ 362,300
CDB Grant	$ 175,000
Kanawha County Commission Grant	$ 625,000
Quincy Center Contribution	$ 100,000
Town of Cedar Grove Contribution	$ 126,000
Total Sources	$5,391,851

USES

Construction Contracts	$4,275,631
Technical Service	$ 655,000
Legal and Fiscal	$ 126,566
Administrative	$ 30,000
Site and Other Lands	$ 46,771
Contingency	$ 146,996
Capitalized Interest	$ 110,887
Total Uses	$5,391,851

Except for the grants and contributions and proceeds of the Bonds and as otherwise provided in the Resolution, no other funds of the Issuer will be available to meet the costs of the Project and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Construction Trust Fund;

(4) Series 1994 A Bonds Sinking Fund, and within the Series 1994 A Bonds Sinking Fund, the Series 1994 A Bonds Reserve Account; and

(5) Series 1994 B Bonds Sinking Fund, and within the Series 1994 B Bonds Sinking Fund, the Series 1994 B Bonds Reserve Account.

11. Moneys held in the respective Sinking Funds will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project. To the extent not required by the Resolution to be deposited in the Earnings Fund and the Rebate Fund, all investment earnings on moneys in the Series 1994 A Bonds Sinking Fund and the Series 1994 A Bonds Reserve Account, in the Series 1994 B Bonds Sinking Fund and the Series 1994 B Bonds Reserve Account, will be placed in the Earnings Fund for use in accordance with the terms thereof.

12. Except for the Sinking Funds and the Reserve Accounts therein, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Accounts or any other reserve or replacement fund. The amounts deposited in the Reserve Accounts from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Accounts, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Accounts are required by the Authority and is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

13. The Issuer entered into contracts for the construction of the Project on March 24, 1994, and construction will commence on or about May 1, 1994.

14. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within ten months.

15. 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.

16. With the exception of the amounts deposited in the Sinking Funds, for payment of interest on the Bonds and amounts deposited in the Reserve Accounts, if any, all of the proceeds of the Bonds will be expended on the Project within 11 months from the date of issuance thereof.

17. Any money deposited in the Sinking Funds for payment of the principal and interest on the Bonds (other than the Reserve Accounts therein) will be spent within a thirteen month period beginning on the date of receipt and any moneys received from investment of amounts held in the Sinking Funds (other than the Reserve Accounts therein) will be spent within a one-year period beginning the date of receipt.

18. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of April 20, 1993.

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

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

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

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

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of issue.

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

25. The Issuer expects that at least 75% of the available construction proceeds (within the meaning of §148(f)(4)(C)(vi)) from the portion of the Bond that is allocable to the Project will be allocated to construction expenditures, and that all of these proceeds will be expended for the Project no later than the day which is two years after the date of issuance of the Bond. The Issuer will expend the available construction proceeds of the Bond for the Project within the following periods beginning on the date of issuance of the Bond:

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years).

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 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

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

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

29. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Bonds.

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

31. The Issuer has either (a) funded the Reserve Accounts at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any

succeeding year with the proceeds of the Bonds, or (b) created the Reserve Accounts which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Accounts hold an amount equal to the maximum amount of principal and interest which will mature and become due on each Series of Bonds in the then current or any succeeding year. Moneys in the Reserve Accounts and the Sinking Funds (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 30 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for an exception to rebate, 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 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.

35. Jackson & Kelly 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.

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

IN WITNESS WHEREOF, I have set my hand this 22nd day of April, 1994.

CHELYAN PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

ABB03A27

CERTIFICATE

The undersigned certifies that I am duly authorized to execute this Certificate on behalf of S & S ENGINEERS, INC., Consulting Engineer for Chelyan Public Service District (the "Issuer"), and based on the plans and specifications prepared by my firm and the anticipated construction schedule and schedule of expenditures of the proceeds of the Bonds (as defined in the Certificate as to Non-Arbitrage to which this Certificate is attached), the representations set forth in Paragraph 25 of such Certificate as to Non-Arbitrage are reasonable. This Certificate may be relied upon by the Issuer for purposes of electing the two-year spend-down exception to the rebate requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended.

Dated: April 22, 1994

[SEAL]

S & S ENGINEERS, INC.

By _____

ABB03A11

Form **8038-G** (Rev. May 1993)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
(Use Form 8038-GC if the issue price is under $100,000.)

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: Chelyan Public Service District

2 Issuer's employer identification number: 55 : 0561012

3 Number and street (or P.O. box if mail is not delivered to street address): P. O. Box 8

Room/suite:

4 Report number: G1994 - 2

5 City, town, state, and ZIP code: Cabin Creek, WV 25035

6 Date of issue: 4/22/94

7 Name of Issue: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B

8 CUSIP Number: None

Part II Type of Issue (check applicable box(es) and enter the issue price)

		Issue price
9	☐ Education (attach schedule–see instructions)	$
10	☐ Health and hospital (attach schedule–see instructions)	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds)	1,198,776
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see Instructions) ▶	
17	If obligations are tax or other revenue anticipation bonds, check box ▶ ☐	
18	If obligations are in the form of a lease or installment sale, check box ▶ ☐	

Part III Description of Obligations

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19	Final maturity	10/1/2033	6.75 %	$82,238.45	$82,238.45			
20	Entire issue			1,198,776	1,198,776	27.94 years	6.75 %	6.749 %

Part IV Uses of Original Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest		21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))		22	1,198,776
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 10,000		
24	Proceeds used for credit enhancement	24 -0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25 -0-		
26	Proceeds used to refund prior issues	26 -0-		
27	Total (add lines 23 through 26)		27	
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)		28	1,188,776

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29	Enter the remaining weighted average maturity of the bonds to be refunded ▶	N/A years
30	Enter the last date on which the refunded bonds will be called ▶	
31	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

32	Enter the amount of the state volume cap allocated to the issue ▶	-0-
33	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶	-0-
34	Pooled financings:	
a	Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶	-0-
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶	April 20, 1993
35	If the issuer has elected to pay a penalty in lieu of rebate, check box ▶ ☐	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Joyce McPhail — Signature of officer

4/22/94 — Date

Joyce McPhail, Chairman — Type or print name and title

*U.S. Government Printing Office: 1993 — 343-034/80150

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

CERTIFICATE OF CONSULTING ENGINEER

I, Ashok Sanghavi, Registered Professional Engineer, West Virginia License No. 6177, of S & S Engineers, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of certain improvements and extensions to the existing sewerage collection system (herein called the "Project") of Chelyan Public Service District (the "District") to be constructed primarily in Kanawha County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the District. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Public Service Board of the District on April 18, 1994, and the Loan Agreements by and between the District and the West Virginia Water Development Authority (the "Authority") dated April 22, 1994.

1. The Project is estimated to cost $5,391,851 and is being funded by (i) a grant from the United States Environmental Protection Agency in the amount of $2,804,775; (ii) a grant from the Appalachian Regional Commission in the amount of $362,300; (iii) a Community Development Block grant in the amount of $175,000; a grant from the Kanawha County Commission in the amount of $625,000; (iv) cash contributions in the amount of $100,000 from Quincy Coal Company and $126,000 from the Town of Cedar Grove; and (v) the Bonds totaling in the aggregate principal amount of $1,198,776.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the District has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy and completeness and the District entered into the contracts with

respect to said bids on March 24, 1994, (iv) the District has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the Public Service Board of the District and approved by the Public Service Commission of West Virginia are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreements, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 22nd day of April, 1994.

S & S ENGINEERS, INC.

[SEAL]

By _____
License No. 6177

ABB03A26

DATE: _____

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: CHELYAN PUBLIC SERVICE DISTRICT
TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project
(PHASE II)

1.	Construction	$4,275,631	
2.	Technical Services	$ 655,000	
3.	Legal and Fiscal (Bond Counsel)	$ 126,566	
4.	Administrative	$ 30,000	
5.	Site and Other Lands	$ 46,771	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: INCLUDED IN ITEM NO. 2)	$ -	
7.	Interim Financing Costs	$ -	
8.	Contingency	$ 146,996.25	
9.	Total of Lines 1 through 8		$5,280,964.25

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	USEPA	$ 2,804,775	
		ARC	$ 362,300	
11.	State Grants: (Specify Source)	HUD-CDBG	$ 175,000	
			$	
			$	
			$	
12.	Other Grants: (Specify Source)	KAN. CO. COMM.	$ 625,000	
		QUINCY CENTER	$ 100,000	
13.	Any Other Source[2] (Specify)	TOWN OF CEDAR GROVE	$ 126,000	
			$	
14.	Total of Lines 10 through 13			$4,193,075
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$1,087,889.25

---

[1] Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

[2] For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 110,886.75	
17.	Funded Reserve Account[3]	$	
18.	Other Costs[4] Bond Counsel	$	
19.	Total Cost of Financing (Lines 16 through 18)		$ 110,886.75
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 1,198,776.00

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

Joyce McPhail
SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

Susan Ghani
SIGNATURE OF ENGINEER

---

3 Consult with bond counsel and the Authority before assuming a funded reserve.

4 For example, fees of bond counsel for the Governmental Agency.

Smith, Cochran & Hicks
Certified Public Accountants

Charles S. Smith, CPA
Dennis R. Hicks, CPA
Jill E. Patterson, CPA
Todd F. Dingess, CPA

400 Capitol Street, Suite 200
Charleston, West Virginia 25301
Tel 304 345-1151 FAX 304 346-6731

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds, Series 1994 A

$175,276 Sewerage System Revenue Bonds, Series 1994 B

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

Smith, Cochran & Hicks, Certified Public Accountants, have reviewed the sewer service rates which were adopted by the Chelyan Public Service District (the "District") and which were approved in the Final Order of the Public Service Commission of West Virginia granting the District a Certificate of Convenience and Necessity, approving the financing of the Project and approving the rates, dated January 26, 1993 and amended on April 20, 1994. It is our opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Bond Resolution and Supplemental Resolution adopted by the Public Service Board (the "Board") of the District on April 18, 1994, as supplemented, and are sufficient to comply with the provisions of the Loan Agreements entered into among the District and the West Virginia Water Development Authority on April 22, 1994, and the provision of the Prior Resolution.

WITNESS my signature as of this 22nd day of April, 1994.

Smith, Cochran & Hicks

Smith, Cochran & Hicks

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of April, 1994, by and between CHELYAN PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia (the "Governmental Agency"), and BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $1,023,500 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A (the "Series 1994 A Bonds"), in the form of one bond numbered AR-1, and its $175,276 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B (the "Series 1994 B Bonds"), in the form of one bond numbered BR-1 (collectively the "Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution duly adopted April 18, 1994 (collectively the "Resolution");

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 Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution 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 Governmental Agency 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 Resolution, 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 Series 1994 A Bonds and the Series 1994 B 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 Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Governmental Agency 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 Resolution 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 address:

GOVERNMENTAL AGENCY:

Chelyan Public Service District
P. O. Box 8
Cabin Creek, West Virginia 25035
Attention: Chairman

REGISTRAR:

Bank One, West Virginia, Charleston,
National Association
P. O. Box 1113
Charleston, WV 25324
Attention: Trust Department

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

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

IN WITNESS WHEREOF, CHELYAN PUBLIC SERVICE DISTRICT and BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION, Charleston, West Virginia, 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.

CHELYAN PUBLIC SERVICE DISTRICT

By: _____
Chairman, Public Service Board

BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION
Charleston, West Virginia

By: _____ Senior Vice President
Authorized Officer

ABB03A04

EXHIBIT A

(See Tab Nos. 9 and 10)

SALE AND TRANSFER OF SECURITIES, ETC. (TRUST GROUP)

BE IT RESOLVED, that Charles B. Gates, Jr., Chairman of the Board; Samuel L. Elmore, President and Chief Executive Officer; Ronald D. Beane, Executive Vice President; Robert L. McKinney, Executive Vice President; Ronald W. Virag, Senior Vice President; Asa W. Fuller, Jr., Senior Vice President; Darryl E. Hoovel, Vice President; Logan B. Sturgeon, Vice President; Margaret N. Lieberman, Assistant Vice President; Joanne E. Kennedy, Assistant Vice President; Rhoda A. Miller, Senior Trust Officer; Danny H. Patton, Senior Trust Officer; Lorene B. Mullins, Senior Trust Officer; Connie J. Paxton, Trust Officer; and Todd W. Baker, Trust Operations Officer are severally authorized and empowered to sell, assign and transfer common stock, preferred stock, registered bonds and unregistered bonds of the United States of America, or of any state, foreign government, county, city, municipality or corporation, which may be held by this Bank as executor, administrator, guardian, trustee, or in any fiduciary capacity whatsoever, or any and all of such stocks and bonds which this Bank is or shall be authorized and empowered to sell, assign and transfer as attorney or other representative for the owners thereof and to do whatever is necessary or convenient to carry this authorization into effect.

THAT any and all acts of the character hereinabove expressly authorized to be performed by the above-named officers, severally, which may heretofore have been performed by them, or any of them, prior to the above-expressed authorization, are now ratified and confirmed.

I certify that this is a true copy of the Resolution adopted by the Board of Directors of **Bank One, West Virginia, Charleston, N.A.** at a meeting held on January 25, 1994.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary and affixed the seal of the above-named Corporation as of this 22nd day of April, 1994.

BANK ONE, WEST VIRGINIA, CHARLESTON, NATIONAL ASSOCIATION

(SEAL)

By: Ruth S. Rudell

Ruth S. Rudell

Its: Secretary to the Board

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

ACCEPTANCE OF DUTIES OF THE
CONSTRUCTION TRUST FUND DEPOSITORY BANK

Bank One, West Virginia, Charleston, National Association, a national banking association, with its principal office in Charleston, West Virginia, hereby accepts appointment as the Depository Bank for the Construction Trust Fund in connection with a Bond Resolution duly adopted by Chelyan Public Service District on April 18, 1994, and the Supplemental Resolution adopted April 18, 1994 (collectively, the "Resolution"), authorizing issuance of the Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A, dated April 22, 1994, in the aggregate principal amount of $1,023,500 and the Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B, dated April 22, 1994, in the aggregate principal amount of $175,276 (collectively the "Bonds") and agrees to perform all duties of the Construction Trust Fund Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Witness my signature as of the 22nd day of April, 1994.

BANK ONE, WEST VIRGINIA, CHARLESTON,
NATIONAL ASSOCIATION
Charleston, West Virginia

By: _____
Ronald W. Virag
Senior Vice President

ABB03A14

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK
FOR THE REVENUE FUND

Huntington National Banks West Virginia, with its principal office in Charleston, West Virginia, hereby accepts appointment as Depository Bank for the Revenue Fund in connection with a Bond Resolution duly adopted by Chelyan Public Service District on April 18, 1994, and the Supplemental Resolution adopted April 18, 1994 (collectively, the "Resolution"), authorizing issuance of Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A, dated April 22, 1994, in the aggregate principal amount of $1,023,500 and Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B, dated April 22, 1994, in the aggregate principal amount of $175,276 (collectively the "Bonds") and agrees to perform all duties of Depository Bank for the Revenue Fund, all as set forth in said Resolution.

Witness my signature as of the 22nd day of April, 1994.

HUNTINGTON NATIONAL BANKS WEST VIRGINIA
Charleston, West Virginia

By: _____
Authorized Officer

ABB05AF0

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

April 22, 1994

Bank One, West Virginia, Charleston,
National Association
P. O. Box 1113
Charleston, West Virginia 25324

Ladies and Gentlemen:

We herewith hand to you, duly executed (a) $1,023,500 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A, in the form of one bond numbered AR-1 and (b) $175,276 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B, in the form of one bond numbered BR-1 (collectively the "Bonds"), each authorized to be issued under and pursuant to the Bond Resolution, duly adopted by the Public Service Board (the "Board") of Chelyan Public Service District (the "District") on April 18, 1994, and a Supplemental Resolution adopted by the Board on April 18, 1994 (collectively, the "Resolution").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

CHELYAN PUBLIC SERVICE DISTRICT

By: _____
Chairman, Public Service Board

(SEAL)

Attest:

_____
Secretary, Public Service Board

ABB03A1F

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Ronald W. Virag, Senior Vice President for Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 22nd day of April, 1994, (a) the bonds of Chelyan Public Service District in the principal amount of $1,023,500 designated "Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A" (the "Series 1994 A Bonds"), numbered AR-1, and (b) the bonds in the principal amount of $175,276 designated "Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B" (the "Series 1994 B Bonds"), numbered BR-1, and dated as of the date hereof, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as Registrar.

WITNESS my signature as of the 22nd day of April, 1994.

BANK ONE, WEST VIRGINIA, CHARLESTON,
NATIONAL ASSOCIATION
Charleston, West Virginia,
as Registrar

By _____
Ronald W. Virag
Senior Vice President

BOND REGISTER

Bank One, West Virginia, Charleston,
National Association, Charleston, WV,
as Bond Registrar
for
Chelyan Public Service District
Sewerage System Revenue Bonds,
Series 1994 A

Chelyan Public Service District
Sewerage System Revenue Bonds,
Series 1994 B

Bondholder	Bond Number	Registration Amount	Date	Authorized Officer
West Virginia Water Development Authority Dunbar, WV 25064	AR-1	$1,023,500	April 22, 1994	
West Virginia Water Development Authority Dunbar, WV 25064	BR-1	$ 175,276	April 22, 1994	

ABB03A3B

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

RECEIPT FOR BONDS

The undersigned, DANIEL B. YONKOSKY, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 22nd day of April, 1994, in Dunbar, West Virginia, the Authority received (a) the entire original issue of $1,023,500 in aggregate principal amount of Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A (the "Series 1994 A Bonds") and (b) the entire original issue of $175,276 in aggregate principal amount of Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B (the "Series 1994 B Bonds"), (collectively the "Bonds"), said Bonds being dated the 22nd day of April, 1994; and issued in the form of one bond, fully registered to the Authority, and numbered AR-1 and BR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Joyce McPhail, Chairman of the Public Service Board of the District, by manual signature, and attested by Jerry W. Jessie, Secretary of the Public Service Board of the District, by manual signature, and the official seal of said District had been impressed upon each Bond.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 22nd day of April, 1994.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Yonkosky
Director

ABB03A20

CHELYAN PUBLIC SERVICE DISTRICT

$1,023,500 Sewerage System Revenue Bonds,
Series 1994 A

$175,276 Sewerage System Revenue Bonds,
Series 1994 B

RECEIPT FOR BOND PROCEEDS

The undersigned Jerry W. Jessie, Secretary of the Public Service Board of the Chelyan Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $1,023,500 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A, of the purchase price of said bonds in the amount of $1,023,500 (100% of par value).

2. The District has received and hereby acknowledges receipt from the Authority, as original purchaser of the $175,276 Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B, of the purchase price of said bonds in the amount of $175,276 (100% of par value).

IN WITNESS WHEREOF, Chelyan Public Service District has caused this receipt to be executed by the Secretary of its Public Service Board on this 22nd day of April, 1994.

CHELYAN PUBLIC SERVICE DISTRICT

By _____
SECRETARY, PUBLIC SERVICE BOARD

ABB03A05

DISBURSEMENT REQUEST FORM

Bank One, West Virginia, Charleston,
National Association
P. O. Box 1113
Charleston, West Virginia 25324

Re: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B

Ladies and Gentlemen:

You are authorized, on behalf of Chelyan Public Service District, to make the following disbursements from the Bond Construction Trust Fund:

The expenses listed above* have been incurred as Costs of the Project that have not been the basis of any previous disbursement. Each item listed above for which payment is now due and owing is or was necessary in connection with the Project and has been otherwise properly incurred. A copy of the Resolution of Chelyan Public Service District authorizing the disbursements is attached hereto.

Very truly yours,

CHELYAN PUBLIC SERVICE DISTRICT

By: _____
Authorized Officer

S & S ENGINEERS, INC.

By: _____
Authorized Officer

Date: _____

*Invoices attached

ABB03A1D

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

RECEIVED JUN 3 1991

May 28, 1991

Mr. Larry M. Baker, Chairman
Chelyan Public Service District
P. O. Box 8
Cabin Creek, WV 25035

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Baker:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0038776, dated the 28th day of May 1991, for Chelyan Public Service District in Chelyan, West Virginia.

Please note that a completed Discharge Monitoring Report (DMR) is to be received by this office each month no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section E.2 Attention: Municipal Branch. It is suggested that several copies of the enclosed DMR form be made for your future use, as this office does not supply permittees with DMR forms.

Please note requirement No. 7 on page 8 prohibiting the acceptance of new non-domestic wastewater discharges without prior Division approval. Please also note the attachment to this permit which describes the annual permit fee requirement.

If you have any questions, please do not hesitate to contact John Morgan of this office at 348-4086.

Sincerely,

MUNICIPAL BRANCH

Pravin G. Sangani, P.E.
Branch Leader
Permits

eh

Enclosure

This permit is subject to the following terms and conditions:

Bureau of Public Health Certificate of Approval No. 5000.

The information submitted on and with Permit Application No. WV0038776, dated the 5th day of February 1990, and the information submitted with Permit Application No. WV0038776, dated the 24th day of May 1985, are all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F and G.

B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective date of permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

N/A

D. OPERATION AND MAINTENANCE

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by State Health Department Regulations authorized under Chapter 16, Article I, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3. Bypass

a) Definitions
   (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
   (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3 c) and D.3. d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass.
   (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2. b) of this permit.

d) Prohibition of bypass.
   (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless:
      (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
      (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance, and
      (C) The permittee submitted notices as required under D.3. c) of this permit.
   (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3. d) (1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4. c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
   (1) An upset occurred and that the permittee can identify the cause(s) of the upset.
   (2) The permitted facility was at the time being properly operated.
   (3) The permittee submitted notice of the upset as required in F.2. b) of this permit.
   (4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5) Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

F. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any reponsibilities, liabilities, or penalties established pursuant to Series III, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 20, Article 5A.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Series III, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Division's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:
   (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
   (2) Any upset which exceeds any effluent limitation in the permit; and
   (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous waste.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Series III, Section 2 of the Board's rules.

3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
   (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series II of the Board's rules; or
   (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
   (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, of any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) One hundred micrograms per liter (100 ug/l);
      (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2, 4-dinitro phenol; and one milligram per liter (1 mg/l) for antimony;
      (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4. b.7 or 4.4. b.9 of Series II of the Board's rules;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules;
   (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) Five hundred micrograms per liter (500 ug/l);
      (B) One miligram per liter (1 mg/l) for antimony;
      (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4. b.7. of Series II of the Board's rules;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Series II of the Board's rules.
   (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4 b.9 of Series II of the Board's rules and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
   (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4 b.9 of Series II of the Board's rules and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2. a).

10. By facility registration forms submitted for land application, dated the 21st day of September 1990, and for landfill, dated the 16th day of January 1991, and subsequent Division approvals, dated the 2nd day of November 1990, and the 22nd day of January 1991, respectively, the permittee has fulfilled the requirements of Section D.5 of this permit with respect to the sludge generated by the wastewater treatment facilities permitted herein. Furthermore, the permittee agrees to abide by the terms and conditions of the approved Sludge Management Program.

Revised 3-89

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FACILITY NAME Chelyan Public Service District

LOCATION OF FACILITY Chelyan, Kanawha County

PERMIT NUMBER WV0038776 OUTLET NO. 001

WASTELOAD FOR MONTH OF _____ 19 ____

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORY ADDRESS _____

INDIVIDUAL PERFORMING ANALYSES _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum	Avg. Monthly	Max. Daily	Units	N.E.		
Flow, in Conduit or thru trmt. plant 50050	Reported	*****	*****	*****	*****								
	Permit Limitation	*****	*****	*****	*****		N/A	0.3	N/A	MGD		Continuous	Measured
BOD, 5-Deg (20 Deg. C) 00310	Reported												
	Permit Limitation	N/A	75.1	150.1	lbs/day		N/A	30.0	60.0	mg/l		1/Month	8 hour composite
Solids,Total Suspended 00530	Reported												
	Permit Limitation	N/A	75.1	150.1	lbs/day		N/A	30.0	60.0	mg/l		1/Month	8 hour composite
Nitrogen,Total Kjeldahl(as N) 00625	Reported												
	Permit Limitation	N/A	45.0	90.1	lbs/day		N/A	18.0	36.0	mg/l		1/Month	8 hour composite
pH 00400	Reported	*****	*****	*****	*****								
	Permit Limitation	*****	*****	*****	*****		6.0	N/A	9.0	Std. Units		1/Month	Grab
Coliform,Fecal General 74055	Reported	MF	- -	MPN									
	Permit Limitation	Circle	Method	Used			N/A	200	400	counts 100 ml		1/Month	Grab
	Reported												
	Permit Limitation												

Name of Principal Exec. Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Exec. Officer or Authorized Agent

WV/NPDES Permit No. WV0038776

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION
1201 Greenbrier Street
Charleston, West Virginia 25311
Telephone (304)348-2107

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

LARRY W. GEORGE
Deputy Director

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Department of Natural Resources. The Director promulgated regulations to this effect on June 1, 1990. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is $250.00 . This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty (180) days of the due date will render your permit void.

DEPARTMENT OF COMMERCE, LABOR & ENVIRONMENTAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

Gaston Caperton
Governor
John M. Ranson
Cabinet Secretary

David C. Callaghan
Director
Ann A. Spaner
Deputy Director

October 18, 1993

Joyce A. McPhail, Chairperson
Chelyan Public Service District
P. O. Box 8
Cabin Creek, WV 25035

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0038776
Modification No. 1

Dear Ms. McPhail:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0038776, issued the 28th day of May 1991.

After review and consideration of the pertinent information submitted on and with Permit Modification Application No. WV0038776-A, dated the 14th day of July 1993, relative to the activity being permitted herein, the plans and specifications and other relevant information, the subject Permit is hereby modified to acquire, construct, install, operate and maintain a wastewater collection system to be comprised of approximately 750 linear feet of six(6) inch diameter gravity sewer line, 40,000 linear feet of eight(8) inch diameter gravity sewer line, 12,200 linear feet of 10 inch diameter gravity sewer line, 245 manholes, eight(8) lift stations, 2,400 linear feet of two(2) inch diameter force main, 350 linear feet of four(4) inch diameter force main, 16,500 linear feet of six(6) inch diameter force main and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 2,500 persons in the communities of Witcher Creek, Diamond, Carroll Branch and Shrewsbury within the PSD and convey wastewater to the PSD's wastewater treatment plant for subsequent treatment and discharge to the Kanawha River at Mile Point 73.2. The maximum additional wastewater flow to be generated is anticipated to be approximately 240,000 gallons per day.

The wastewater collection facilities shall be constructed in accordance with the plans and specifications, approved the 2nd day of July 1993, prepared by S & S Engineers, Inc., 1260 Greenbrier Street, Charleston, WV 25311 and entitled "Chelyan Public Service District; Wastewater Collection System Project; Kanawha County, West Virginia; Contract No. 2 - Carroll Branch; Contract No. 3 - Diamond; Contract No. 4 - Witcher Creek; Contract No. 5 - Shrewsbury; EPA Project No. C-540497."

Your submission of the site registration application form, dated the 2nd day of August 1993, and our acceptance, thereof, as terms and conditions of this Permit modification, expressly requires your compliance under WV/NPDES Storm Water General Water Pollution Control Permit No. WV0111457, issued the 8th day of June 1992.

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

Very truly yours,

OFFICE OF WATER RESOURCES

Laidley Eli McCoy, Ph. D.
Chief

LEM:jdm

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: April 22, 1994

(See Reverse for Instructions)

ISSUE: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A

ADDRESS: P. O. Box 8, Cabin Creek, WV 25035 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money x Refunding ___ Refunds issue(s) dated: ___

ISSUE DATE: April 22, 1994 CLOSING DATE: April 22, 1994

ISSUE AMOUNT: $ $1,023,500 RATE: 6.75%

1st DEBT SERVICE DUE: October 1, 1994 1st PRINCIPAL DUE: October 1, 1995

1st DEBT SERVICE AMOUNT: $30,513.08 PAYING AGENT: West Virginia Municipal Bond Commission

ISSUERS

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

CLOSING BANK: Bank One, West Virginia, Charleston, N.A.
Contact Person: Richard Virag
Phone: 348-4411

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce McPhail
Position: Chairman
Phone: 595-2203

UNDERWRITERS

BOND COUNSEL: N/A
Contact Person: ___
Phone: ___

ESCROW TRUSTEE: N/A
Contact Person: ___
Phone: ___

OTHER: Hanna & Hanna
Contact Person: Wyatt Hanna
Function: District Counsel
Phone: 342-2137

DEPOSITS TO MBC AT CLOSE:

By ___ Wire
x Check

___ Accrued Interest: $ ___
x Capitalized Interest: $ 94,253.73
___ Reserve Account: $ ___
___ Other: ___ $ ___

REFUNDS & TRANSFERS BY MBC AT CLOSE: NONE

By ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: $ ___
___ To Issuer: $ ___
___ To Cons. Invest. Fund: $ ___
___ To Other: ___ $ ___

NOTES: ___

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ___

TRANSFERS REQUIRED: ___

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: April 22, 1994

(See Reverse for Instructions)

ISSUE: Chelyan Public Service District $175,276 Sewerage System Revenue Bonds, Series 1994 B

ADDRESS: P. O. Box 8, Cabin Creek, WV 25035 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money X Refunding ___ Refunds issue(s) dated: .

ISSUE DATE: April 22, 1994 CLOSING DATE: April 22, 1994

ISSUE AMOUNT: $175,276 RATE: 6.75%

1st DEBT SERVICE DUE: October 1, 1994 1st PRINCIPAL DUE: October 1, 1995

1st DEBT SERVICE AMOUNT: 5,225 PAYING AGENT: West Virginia Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: 340-1318

CLOSING BANK: Bank One, West Virginia, Charleston, N.A.

Contact Person: Richard Virag

Phone: 348-4411

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Joyce McPhail

Position: Chairman

Phone: 595-2203

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person:

Phone:

ESCROW TRUSTEE: N/A

Contact Person:

Phone:

OTHER: Hanna & Hanna

Contact Person: Wyatt Hanna

Function: District Counsel

Phone: 342-2137

DEPOSITS TO MBC AT CLOSE:

By ___ Wire
X Check

___ Accrued Interest: $
X Capitalized Interest: $ 16,633.02
___ Reserve Account: $
___ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE: NONE

By ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: $
___ To Issuer: $
___ To Cons. Invest. Fund: $
___ To Other: $

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED:

TRANSFERS REQUIRED:

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank National Association, Charleston, West Virginia, the Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: April 22, 1994.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankosky
Authorized Representative

ABB05B5B

JACKSON & KELLY
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6088

300 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26302
TELEPHONE 304-623-3002

4.1

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

WRITER'S DIRECT DIAL NO.

April 22, 1994

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

Re: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B

Ladies and Gentlemen:

We are bond counsel to Chelyan Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreements, dated April 22, 1994, including all schedules and exhibits attached thereto (the "Loan Agreements"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of the Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 A of the Governmental Agency, dated April 22, 1994 (the "Series 1994 A Bonds") and the Chelyan Public Service District Sewerage System Revenue Bonds, Series 1994 B of the Governmental Agency, dated April 22, 1994 (the "Series 1994 B Bonds"), both to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 1994 A Bonds are in the principal amount of $1,023,500, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1, and October 1 of each year, beginning October 1, 1994, at the rate as set forth in Exhibit A incorporated in and made a part of the Series 1994 A Bonds. The Series 1994 B Bonds are in the principal amount of $175,276, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1, and October 1 of each year, beginning October 1, 1994, at the rate as set forth in Exhibit A incorporated in and made a part of the Series 1994 B Bonds. The Series 1994 A Bonds and the Series 1994 B Bonds are on a parity as to security

and source of payment with each other and the Governmental Agency's Sewerage System Revenue Bond, Series 1979.

The Series 1994 A Bonds and the Series 1994 B Bonds are issued for the purposes of paying a portion of the costs of acquiring and constructing certain improvements and extensions to the existing public sewerage system for the Governmental Agency, paying interest on the Series 1994 A Bonds and Series 1994 B Bonds, during construction and for a period not to exceed six months thereafter and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Series 1994 A Bonds and the Series 1994 B Bonds are issued, and the Loan Agreements that have been undertaken, including all schedules and exhibits to the Loan Agreements. The Series 1994 A Bonds and the Series 1994 B Bonds have been authorized by a bond resolution (the "Resolution") and a Supplemental Resolution duly passed by the Governmental Agency on April 18, 1994, and became effective on April 18, 1994 (collectively the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in the Loan Agreements. The Series 1994 A Bonds and the Series 1994 B 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 Agreements.

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 Agreements have been duly authorized by and executed on behalf of the Governmental Agency and are a valid and binding special obligations of the Governmental Agency enforceable in accordance with the respective terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing public corporation with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreements and to issue and sell the Series 1994 A Bonds and the Series 1994 B Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Series 1994 A Bonds and the Series 1994 B Bonds.

5. The Series 1994 A Bonds and the Series 1994 B Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and are secured by a first lien on and pledge of the net revenues of said System on a parity as to security and source of payment with each other and the District's outstanding Sewerage System Revenue Bond, Series 1979.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Series 1994 A Bonds and the Series 1994 B Bonds, as provided in the Local Act.

7. The interest on the Series 1994 A Bonds and the Series 1994 B Bonds are excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in the preceding sentence is subject to the condition that the Governmental Agency comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1994 A Bonds and the Series 1994 B Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 1994 A Bonds and the Series 1994 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 1994 A Bonds and the Series 1994 B Bonds. The Governmental Agency has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences with respect to the Series 1994 A Bonds and the Series 1994 B Bonds.

8. The Series 1994 A Bonds and the Series 1994 B Bonds and the interest thereon are, by the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

It is to be understood that the rights of the holders of the Series 1994 A Bonds and the Series 1994 B Bonds and the

enforceability of the Series 1994 A Bonds and the Series 1994 B Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined executed Series 1994 A Bonds numbered AR-1 and the Series 1994 B Bonds number BR-1, and in our opinion the form of said bonds and their execution and authentication are regular and proper.

Very truly yours,

Jackson & Kelly

ABB03A07

HANNA AND HANNA

Attorneys-At-Law
1510 Kanawha Boulevard, East
Charleston, West Virginia 25311
(304) 342-2137
FAX (304) 342-2130

HOMER W. HANNA, JR.
1926-1993

SAMUEL F. HANNA
H. WYATT HANNA, III

MAILING ADDRESS:
P.O. BOX 2311
CHARLESTON, W. VIRGINIA 25328

April 22, 1994

Chelyan Public Service District
P.O. Box 8
Cabin Creek, WV 25035

WV Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Jackson & Kelly
P.O. Box 553
Charleston, WV 25322

RE: Chelyan Public Service District $1,023,500 Sewerage System Revenue Bonds, Series 1994 A and $175,276 Sewerage System Revenue Bonds, Series 1994 B

Gentlemen:

I am Counsel to the Chelyan Public Service District (the "District"). As such Counsel, I have examined copies of the approving opinion of Jackson & Kelly, as Bond Counsel, relating to the above captioned Bonds, a Bond Resolution adopted by the Public Service Board of the District on April 18, 1994, as supplemented by a Supplemental Resolution adopted April 18, 1994, (collectively, the "Resolution") and other documents relating to the above captioned Bonds of the District. Terms used in said opinions and Resolution and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The District was duly and legally created and the members of the Public Service Board (the "Board") of the District were duly and properly elected or appointed and are thereby authorized to act on behalf of the District.

2. The Resolution has been duly adopted by the District and is in full force and effect.

3. The Issuer has received a Final Order from the Public Service Commission of West Virginia granting approval of the financing, including the above referenced Bond, granting a Certificate of Convenience and Necessity and approving rates for the Project and said Order is in full force and effect and the right for appeal therefrom has been waived by all parties who have such right to appeal.

4. The District has received, or will acquire, all of the necessary permits, licenses, approvals and authorizations that are presently obtainable to acquire and construct the Project.

5. 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 council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds, the operation of the System or the collection of Revenues or the pledge of Net Revenues to the Bonds.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

cc: Joyce L. McPhail
Roy Hanshaw
Jerry Jessie
Ashok M. Sanghavi
Todd Dingess
Samme Gee, Esquire

LAW OFFICES
HAMB & POFFENBARGER
515 BANK ONE CENTER
P.O. BOX 1671
CHARLESTON, WEST VIRGINIA 25326-1671

TELEPHONE (304) 343-4128
TELECOPIER (304) 344-1974

April 22, 1994

Re: Chelyan Public Service District
$1,023,500 Sewerage System Revenue Bonds,
Series 1994A and $175,276 Series 1994B

Cheylan Public Service District
Chelyan, West Virginia

Jackson & Kelly
Post Office Box 553
Charleston, West Virginia 25322

Ladies and Gentlemen:

We have acted as counsel for Bank One, West Virginia, Charleston, National Association, a national banking association with trust powers (the "Bank"), in its capacity as Registrar, and as Depository Bank for the Construction Trust Fund under a Resolution by the Chelyan Public Service District (the "Issuer") enacted April 18, 1994, as supplemented (the "Resolution") and a Registrar's Agreement dated as of April 22, 1994 (the "Registrar's Agreement"), by and between the Issuer and the Bank. In that connection, we are familiar with the affairs of the Bank and have examined and are familiar with the Bank's charter and bylaws, both as amended to date and in full force and effect on the date thereof. In addition, we have examined a certified copy of the Resolution and an executed counterpart of the Registrar Agreement.

Based on the foregoing and upon such other documents, certificates and information as we have considered relevant and necessary to enable us to render this opinion, we are of the opinion that:

1. The Bank is a national association with trust powers, duly organized and validly existing under the laws of the United States of America, may lawfully conduct business in West Virginia and has corporate power to take all action required of it under the Resolution and the Registrar's Agreement.

2. The execution and delivery by the Bank of the Registrar's Agreement and the performance by the Bank of the duties of Registrar under the Resolution have been duly authorized by all necessary corporate actions on part of the Bank.

3. The Registrar's Agreement has been duly authorized, executed and delivered by the Bank and, assuming due authorization, execution and delivery by the Issuer, constitutes the legal, valid and binding agreement of the Bank, enforceable against the Bank in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally.

This opinion may be relied upon by all counsel to this transaction as if specifically addressed to them.

Very truly yours,

HAMB & POFFENBARGER

By _____
John T. Poffenbarger